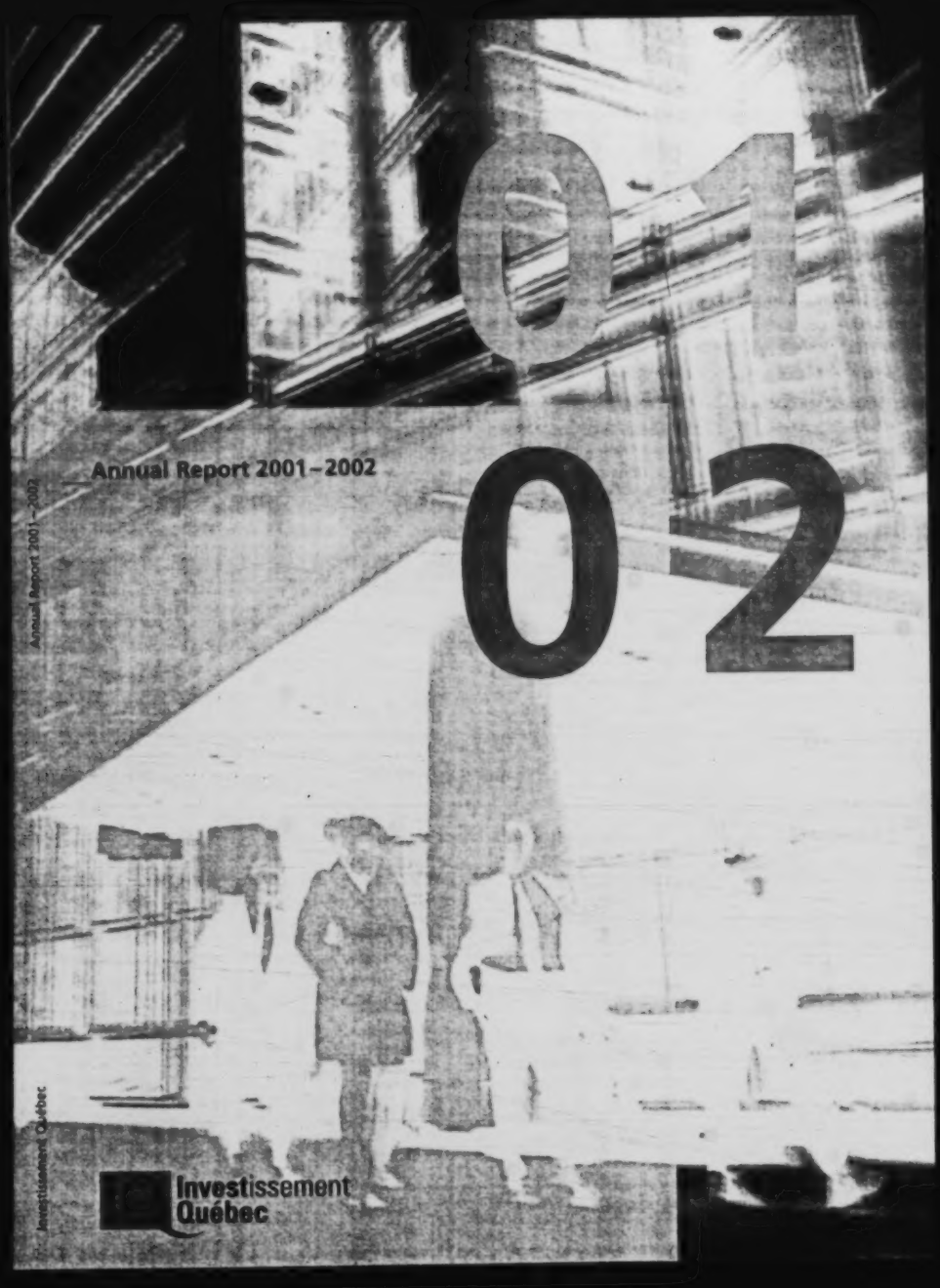
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Annual Report 2001–2002
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Mission

Investissement Québec was created in 1998. Its mission is to contribute to Québec's economic development by promoting private investment and job creation in all regions of Québec. By combining the forces of government intervention in the areas of promotion, prospecting and investment support, the Corporation offers a distinctive turnkey service based on the following priorities:

- supporting the development of Québec businesses of all sizes, targeted for their investment potential and structuring impact on the economy;
- attracting foreign investors to Québec.

Investissement Québec has a number of financial and fiscal tools adapted to the specific needs of its clients. It can also complement the actions of its financial partners by assuming certain risks to support projects that might otherwise be cancelled or postponed. It stands out because of its role as a promoter, canvasser, information and partner-search broker, financial advisor, financial and fiscal incentives manager, and business bank for Québec's small and medium-sized businesses (SMBs).

Values

- Competence, team spirit and initiative
- Trust, openness and efficiency, the underpinnings of its client relations
- Efficiency, rigour and transparency in management

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Content Development: Direction de l'évaluation et la performance
and Direction de la comptabilité et de la trésorerie
Writing and Revision: Direction des communications
and Lemoine communications Knowlton
Translation and Revision: Communication La Parole Mot juste and Elaine Kenning
Graphic Design: Matthieu Imbo
Photography: Gilbert Duclos
Computer Graphics: Le Graphiboque
Digitization: Photogravure
Printing: Transcontinental Litho Acme Rapidoprint
Artistic and Production Coordination: Direction des communications

Legal Deposit – 2002
Bibliothèque nationale du Québec
National Library of Canada

ISBN 2-550-39455-9
© Investissement Québec, September 2002

Note: In this document, the masculine gender refers to both men and women and is used solely for purposes of brevity.

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Values

- Competence, team spirit and initiative
- Trust, openness and efficiency, the underpinnings of its client relations
- Efficiency, rigour and transparency in management

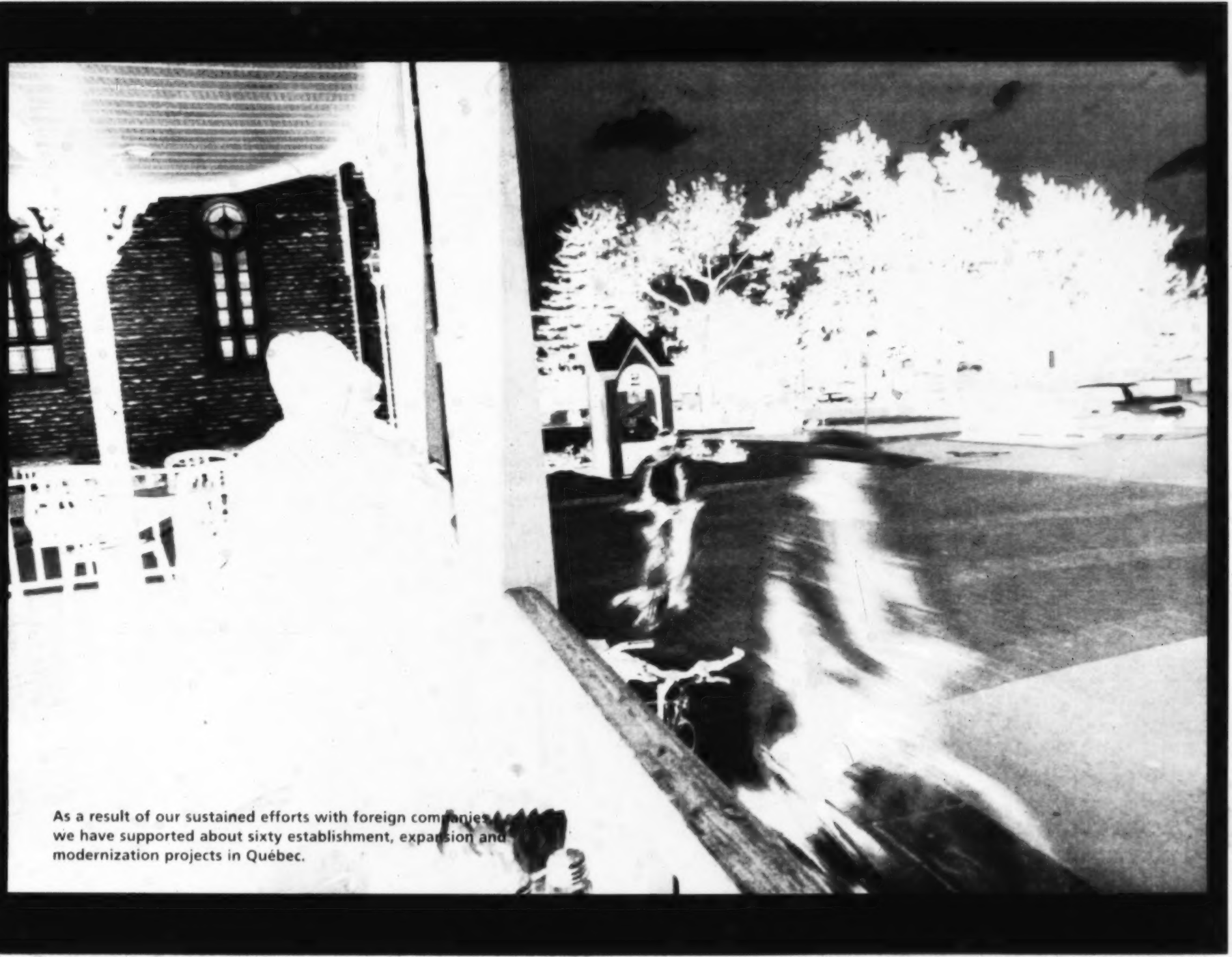
In 2001-2002, we approved $1.036 billion in financing, supporting investment projects worth $4.465 billion which will lead to the creation of 18,391 jobs in Québec.

We are proud to foster the success of projects,
large and small, in all regions of Québec.

Our actions are buttressed by the new business solutions
of La Financière du Québec – fully dedicated to supporting SMBs.

As both catalysts and prospectors for growth projects, we scan the globe to attract foreign companies to Québec.

We encourage synergy among universities, colleges, the research community and high-tech businesses.



As a result of our sustained efforts with foreign companies, we have supported about sixty establishment, expansion and modernization projects in Québec.

For both our clients and ourselves, international competition drives progress.

Once again this year, we maintained a cost-benefit ratio of over 3/1 – an appreciable performance for our shareholder, the Québec government.

Prizes Awarded to Investissement Québec in 2001–2002

PERFORMANCE RECOGNITION

May 16, 2001

International Development Research Council (IDRC) / Site Selection

Investissement Québec received a highly coveted award at the IDRC convention in Seattle. It was ranked among the top ten economic development agencies in North America by *Site Selection*, a magazine for investors specializing in the study of location factors for growing companies.

June 2001

Investment Promotion Agency, Year 2001

Investissement Québec was awarded the distinction of Best Investment Promotion Agency in the Americas by Euromoney Institutional Investor, a major European group (*Corporate Location* magazine). The Corporation was awarded this honour at the 11th Annual World Convention of Investment Promotion Agencies held in Madrid during the World Business Forum.

EVALUATION METHOD

June 8, 2001

Excellence Award in the Economic Impact Assessment Method Category

During a competition organized by ACCRA, Investissement Québec won an excellence award in the economic impact assessment method category, thanks to the accuracy of its method, which was developed to measure the impact of its financing activities. ACCRA is an American association that has been in existence for over 40 years. Originally known as the American Chamber of Commerce Research Association, it is mainly composed of U.S. economic development agencies, universities and chambers of commerce.

QUALITY OF PROMOTIONAL DOCUMENTS

May 6, 2001 (2 Awards)

American Economic Development Council (AEDC)

Investissement Québec was honoured by the American Economic Development Council (AEDC) at its 25th annual conference of economic development, held in New York, from May 6 to 9. The Québec agency came away with two prizes:

- the first for its general information document on Québec;
- the second for its international investment newsletter *Invest-Québec*, distributed in North America, Europe and Asia.

September 2001

Professional Development Conference

Best Practices in Marketing Your Community 2001

The Economic Developers Association of Canada (EDAC) awarded this prize to Investissement Québec at the 2001 Marketing Canada Awards. The prestigious brochure "Take a closer look" ranked first in the Corporate Brochure category.

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Highlights of 2001-2002

For the April 1, 2001 to March 31, 2002 period, Investissement Québec authorized 1,066 financing operations totalling $1.036 billion, which will lead to investment projects valued at $4.465 billion and create 18,391 jobs[1] over a three-year period.

Financial support	
Financing operations	1,066
Financing granted	$1.036 billion
Value of projects[1]	$4.465 billion
Businesses	908
New jobs[1]	18,391
Expertise	
Recommendations for external organizations	106
Immigrant Investors Program	51
Fiscal measures related to job creation	
• New certificates and attestations	323
• Attestation renewals	675
Fiscal measures related to business capitalization – Québec Business Investment Companies (QBICs)	
• Number of QBICs registered	57
• Number of investments validated	71
• Value of investments	$13.4 million

1 According to the plan provided by the companies, project completion and job creation are spread over a maximum period of three years.

Message from the President and Chief Executive Officer

Investissement Québec's mission to stimulate private investment was accomplished by the Corporation this past fiscal year with determination and intelligence. Present in all regions of Québec to foster the implementation of small and large projects alike, the Corporation also scans the globe to attract foreign companies to Québec. This is a distinctive trait of Investissement Québec. We are both catalysts and prospectors of growth projects.

We operate in an open world and are inspired by the trust we share with Québec business people and entrepreneurs. For them and for us, international competition is not an impediment to growth, but a necessary driver of progress. By complementing the actions of our financial partners through some of the risks we sometimes assume, Investissement Québec helps companies of all sizes implement structuring and job-creating investment projects.

In four years, the Corporation has far exceeded its five-year objectives. Our actions have been accompanied by authorized financing operations totalling $3.2 billion, resulting in total investments of $18.7 billion which, over time, will help create 94,000 jobs in Québec.

On the strength of this proud record, which benefits Québec society as a whole, Investissement Québec saw its mandate expand with the creation of the subsidiary La Financière du Québec, presented in the 2002-2003 budget as a business bank. La Financière du Québec, which will focus specifically on supporting Québec's SMBs, will also help us act more flexibly and more swiftly by adding direct corporate loans to our business solutions.

Fiscal 2001-2002 was marked by a record number of actions, primarily in respect of SMBs. The Corporation exceeded the one-billion-dollar mark in terms of authorized financing, despite the slowdown in the North American economy, which translated into fewer private and public investments in Québec in 2001. During this fiscal year, we also intensified our promotion and prospecting activities in order to boost foreign investments in Québec. We were able to support about 60 projects for the establishment, expansion and modernization of foreign companies.

With its quality actions, strong balance sheet and sound management, Investissement Québec now stands as one of the main levers of Québec's economic development. The Corporation's reputation has been enhanced by the six excellence awards it won in Québec and abroad – a very good omen in our highly competitive environment.

It is with enthusiasm that I joined this winning team in February 2002. I intend to guide it along the same path it has been following, in keeping with values of mutual assistance, creativity and sound management, by making good use of my broad experience in corporate financing and extensive knowledge of the regions of Québec. I place my full trust in the energy and competence of the 378 employees, advisors and experts who have made Investissement Québec a model development corporation. Together, with the support of our directors, we will continue to participate in the development of Québec's economy and in job creation.

Maurice Prud'homme
President and Chief Executive Officer

1998-2002 Review

Over the past four years, Investissement Québec's mission and profile have changed considerably. While strengthening its team, the Corporation has developed and broadened its line of services and business solutions, increased its actions in various sectors, expanded and diversified its clientele, and boosted its presence in the regions.

Hence, in four years, Investissement Québec has:

- provided financial support for investment projects worth $18.7 billion in Québec, helping create 94,000 jobs;
- authorized $3.2 billion in financing;
- carried out nearly 3,600 financing operations;
- maintained a cost-benefit ratio of over 3 to 1;
- generated $8.7 billion in investments through foreign investors' projects in Québec, helping create more than 33,000 jobs.*

Investissement Québec today has:

- 13 offices in Québec
- 1 office in Europe
- 378 employees, who monitor Québec's economic development

* Only jobs and investments created by the projects of foreign investors who received financial aid from Investissement Québec are accounted for in the overall results mentioned above.

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Overall Results

Investissement Québec measures its results for the 2001-2002 fiscal year mainly in terms of investments made by its clients, job creation, tax and incidental tax impact, employee productivity and client satisfaction.

Overall Results

	2001-2002	2000-2001 [5]
Financing operations		
Number	1,066	929
Financing authorized	$1,036.0 M	$802.6 M
Value of projects financed	$4,465.3 M	$5,391.9 M
Number of existing jobs [1]	54,569	40,891
Number of jobs created [1]	18,391	24,228
Indicators		
Average value of projects financed per company	$4.91 M	$6.58 M
Jobs created per company	20	30
Investment per $1 of financing	$4.31	$6.72
Jobs created per $1 million of financing	18	30
Number of financing operations per employee	2.82	2.67
Financial commitment per employee	$2.74 M	$2.31 M
Average processing time for a financing application (days)	34	54
General satisfaction of clients and partners [2]	91%	93%
Order book (number of financing applications)	728	568
Tax and incidental tax impact attributable to the Corporation's activities [3]		
Related to project implementation	$129.9 M	$137.1 M
Related to the activities of companies		
Portion of portfolio evaluated [4]	77%	77%
Impact of activities [4]	$517.2 M	$552.4 M
Impact: projects and activities	$647.1 M	$689.5 M
Costs	$201.9 M	$147.2 M
Cost-benefit ratio	3.2/1	4.68/1

(1) According to the plan provided by the companies, project completion and job creation are spread over a maximum period of three years.
(2) See the section entitled "Client Satisfaction", on page 40, for the calculation of this percentage.
(3) The method used to measure the economic impact attributable to Investissement Québec is summarized in Appendix 1.
(4) The evaluation concerned the files of companies whose fiscal year-end fell between July 1, 2000 and June 30, 2001.
(5) The 2000-2001 results include an operation under the Immigrant Investors Program, which has been removed from "Financing" since the 2001-2002 fiscal year and is accounted for under "Expertise".

During the 2001-2002 fiscal year, the number of financing operations increased by 14.7%, while financing granted rose by 29.1%. However, the value of projects and job creation did not follow this trend, falling by 17.2% and 24.1% respectively, compared with the previous fiscal year. In fact, given the economic climate, companies carried out smaller projects generating fewer jobs.

Summary of the Corporation's Activities

Adapting its Products and Organization

In its 2002-2003 budget, the Québec government modified the Corporation's product line and organization in order to better respond to the needs of companies.

In this regard, La Financière du Québec replaced Garantie Québec, and was entrusted with the role of a lending business bank as part of the following programs: SMB Financial (formerly SMB Guarantee) and SMB Spark. In addition, it participates in the financing of the working capital of companies facing temporary difficulties. La Financière du Québec was also entrusted with administering the program to promote the capitalization of enterprises in the social economy, as well as the program to foster the financing of group entrepreneurship.

As for the Private Investment and Job Creation Promotion Fund (FAIRE), its budgetary envelope has been increased from $200 million to $300 million for fiscal 2002-2003, and the threshold for eligible projects reduced from $10 million to $5 million.

In an effort to promote the growth of high-tech sectors, a new capitalization support program, Biolevier, was established for growing companies in the biotechnology sector.

Finally, new refundable tax credits were introduced, with the main goal of stimulating the creation and establishment of biotechnology companies, including the development of nutraceuticals and functional foods in the Québec City area, increasing the support for innovation in the most promising sectors of the knowledge economy, and supporting processing activities in resource regions.

Financing

During the fiscal year, the Corporation exceeded the 1,000 mark for financing operations by authorizing 1,066 financing operations to support the projects of 908 companies. The following tables give a breakdown of these operations by program, by region, by sector and by type of financing operation.

Financing Granted by Program or Program Segment, 2001-2002

		Value ($M)		Number of Jobs[1]	
Program or Program Segment	Number of Financing Operations	Financing	Projects	Existing	New
SMB Financial					
Production and alliance	115	63.0	175.7	5,889	1,136
Research and development					
Tax credit	313	99.9	481.4	8,423	3,004
Development	31	19.0	85.3	522	327
Exports					
Line of credit	63	22.9	56.5	1,989	372
Marketing	31	17.7	71.8	1,157	313
Working capital					
Ad hoc 3	40	39.6	99.9	6,437	265
Growth	13	5.7	31.8	633	100
Recovery	5	5.8	6.1	464	7
Others[2]	22	13.4	53.1	1,072	462
Sub-total	**633**	**287.0**	**1,061.6**	**26,586**	**5,986**
Specific programs					
Coop Guarantee	60	33.2	70.8	3,056	238
SMB Spark	168	13.1	41.6	655	935
NPO Guarantee[3]	95	24.7	58.0	1,235	775
Sub-total	**323**	**71.0**	**170.4**	**4,946**	**1,948**
Financing of major projects					
Buyer Credit	18	88.9	266.3	0	0
FAIRE	92	589.1	2,967.0	23,037	10,457
Sub-total	**110**	**678.0**	**3,233.3**	**23,037**	**10,457**
Total	**1,066**	**1,036.0**	**4,465.3**	**54,569**	**18,391**

(1) According to the plan provided by the companies, project completion and job creation are spread over a maximum period of three years.
(2) Includes the following segments: Property Developer, Mutual Fund Company, QSIC Capitalization and Experimentation Measure.
(3) Non-profit organization.

Dominique Vachon
Director General, La Financière du Québec

Financing Granted by Administrative Region, 2001-2002

		Value ($M)		Number of Jobs[1]	
Administrative Region	Number of Financing Operations	Financing	Projects[1]	Existing	New
Abitibi-Témiscamingue	19	8.4	18.4	887	266
Bas-Saint-Laurent	34	22.8	64.5	2,038	331
Capitale nationale	106	42.1	144.8	3,243	1,465
Centre-du-Québec	44	23.2	145.3	1,561	316
Chaudière-Appalaches	64	24.0	126.0	2,641	1,101
Côte-Nord	15	5.5	12.4	544	259
Estrie	52	22.9	86.0	1,979	903
Gaspésie–Îles-de-la-Madeleine	16	99.9	492.5	1,323	1,057
Lanaudière	32	18.3	149.6	1,883	590
Laurentides	48	16.4	79.4	1,439	622
Laval	56	28.5	96.1	1,016	522
Mauricie	13	119.8	104.5	407	190
Montérégie	149	99.7	490.5	10,169	3,040
Montréal	328	454.9	2,299.1	22,662	6,849
Nord-du-Québec	17	18.0	30.9	223	186
Outaouais	21	9.7	43.4	418	339
Saguenay–Lac-Saint-Jean	52	21.9	81.9	2,136	355
Total	**1,066**	**1,036.0**	**4,465.3**	**54,569**	**18,391**

(1) According to the plan provided by the companies, project completion and job creation are spread over a maximum period of three years.

Financing Granted by Economic Sector, 2001-2002

Economic Sector	Number of Financing Operations	Value ($M)		Number of Jobs[1]	
		Financing	Projects	Existing	New
Primary					
Agriculture and fishery	8	1.0	3.4	33	50
Forestry	20	15.6	39.6	2,036	157
Mining	4	23.5	56.8	386	300
Sub-total	**32**	**40.1**	**99.8**	**2,455**	**507**
Secondary					
Food and beverage	42	25.2	146.8	1,807	1,511
Rubber and plastic	23	19.0	172.2	2,294	474
Leather industry	1	0.0	0.0	5	2
Textile products and primary processing textile	13	24.4	260.1	1,531	353
Clothing	25	8.4	61.5	3,643	174
Wood products	53	21.8	58.2	2,805	646
Furniture	23	9.6	84.8	2,183	1,041
Paper	15	223.8	698.2	1,017	575
Printing	13	4.9	11.0	433	88
Primary processing metals and metal products	58	21.9	87.4	2,142	705
Machinery	36	18.7	57.5	1,259	360
Transportation equipment	58	135.4	445.7	3,186	802
Electrical and electronic products	59	66.3	554.7	11,059	1,433
Non-metallic mineral products	3	0.6	1.1	428	17
Refined oil, coal and chemical industries products	53	88.6	341.1	3,421	858
Various manufacturing industries	58	16.1	60.0	1,275	392
Sub-total	**533**	**684.7**	**3,040.3**	**38,488**	**9,431**
Tertiary					
Construction and transportation	15	10.9	41.2	755	119
Communications	13	44.7	209.1	404	892
Wholesale and retail	50	19.9	39.2	908	506
Computer services	246	140.5	725.2	6,132	2,660
Telephone call centres	12	15.0	42.1	1,630	2,711
Business services	47	36.8	142.0	1,259	671
Health care and social services	88	31.1	85.7	1,766	758
Tourism	7	2.1	5.1	195	12
Other service industries	23	10.2	35.6	577	124
Sub-total	**501**	**311.2**	**1,325.2**	**13,626**	**8,453**
Total	**1,066**	**1,036.0**	**4,465.3**	**54,569**	**18,391**

(1) According to the plan provided by the companies, project completion and job creation are spread over a maximum period of three years.

Type of Financing Operations

With respect to the types of financing operations carried out by the Corporation during the fiscal year, three comments are worth noting:

- Loan guarantees remain predominant and still represent over 70% of the number of operations. Nevertheless, the value of loan guarantees rose from 23.8% to 29.9% between 2000-2001 and 2001-2002.
- Direct financing (loan and equity loan) grew in terms of both number and value. It represents 40% of the value of financing granted in 2001-2002, versus 10% in 2000-2001, a three-fold increase. The same applies for the number of operations, which went from 3.4% to 12.1%.
- The share of non-refundable or conditionally payable contributions, interest-free loans, interest coverage and financial commitment guarantees was lower in 2001-2002 compared with the previous fiscal year.

Breakdown of Financing by Type of Financing Operations, 2001-2002 (According to Number)

A Loan guarantee	72.7%
B Interest coverage	0.2%
C Loan	5.3%
D Equity loan	6.8%
E Conditional-refund contribution	1.5%
F Interest-free loan	1.5%
G Non-refundable contribution	3.7%
H Financial commitment guarantee	8.3%

Breakdown of Financing by Type of Financing Operations, 2001-2002 (According to Value)

A Loan guarantee	29.9%
B Interest coverage	0.6%
C Loan	5.2%
D Equity loan	34.1%
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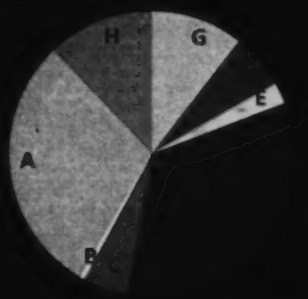
G Non-refundable contribution	9.2%
H Financial commitment guarantee	12.2%



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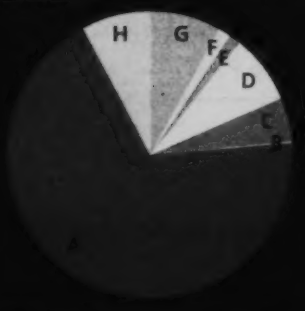
A	Loan guarantee	72.7%
B	Interest coverage	0.2%
C	Loan	5.3%
D	Equity loan	6.8%
E	Conditional-refund contribution	1.5%
F	Interest-free loan	1.5%
G	Non-refundable contribution	3.7%
H	Financial commitment guarantee	8.3%



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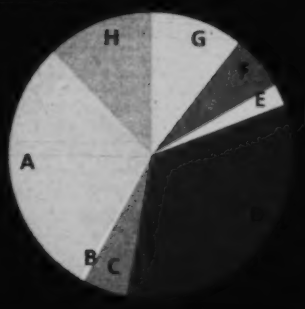

Expertise

Recommendations to External Organizations

Recognized for its financial expertise, Investissement Québec acts as an analyst and advisor for government departments and agencies. During the year, the Corporation analyzed 106 investment projects, primarily for the Ministère des Régions[2] (57.6%) and the Fonds de développement économique de la Capitale nationale (40.6%).

Recommendations to External Organizations

	2001-2002	2000-2001
Ministère des Régions		
Programme de soutien aux projets économiques (P.S.P.E.)	37	11
Other programs	24	6
Sub-total	**61**	**17**
Fonds de développement économique de la Capitale nationale	43	36
Société de la faune et des parcs du Québec	2	0
Total	**106**	**53**

Immigrant Investors Program

The Immigrant Investors Program truly took off during the fiscal year. In 2001-2002, 51 projects were processed under this program, representing a financial participation of $14.4 million. Of this number, 47% were implemented in Montréal and Montérégie, representing 38% of the value of all projects. The other projects were carried out in nine different regions. The total value of projects was $123.9 million.

Files Processed Under the Immigrant Investors Program

	2001-2002	2000-2001
Number of projects	51	1
Value of projects ($M)	123.9	1.1
Financial participation ($M)	14.4	0.2

2 Investissement Québec advises the Ministère des Régions regarding the Programme de soutien aux projets économiques (P.S.P.E.). Originally, the P.S.P.E. covered the Gaspésie region as part of the Plan de relance de la Gaspésie. During the past year, eligibility for the P.S.P.E. extended to all the resource regions and the RCMs of the central regions.

Fiscal Measures Related to Job Creation

While certain measures related to job creation have been aimed since March 2000 at companies in the new economy – biotechnology, information and communications technologies, production technologies, scientific and technological materials and services – other measures implemented since the beginning of the year are aimed at SMBs in resource regions. Investissement Québec issues eligibility attestations or certificates to these companies.

Attestation applications come from new companies as well as companies already benefitting from fiscal measures which have to demonstrate each year that they meet the eligibility conditions. In 2001-2002, the Corporation issued 323 new eligibility attestations to companies that expected to create some 6,682 jobs over a maximum period of three years.

Hence, SMBs active in highly promising technology sectors continued this year to use tax credits or tax holidays to increase their human resources and expertise, while having the option of moving into premises adapted to their activities.

There was considerable demand for tax measures aimed at SMBs in resource regions, representing nearly 40% of attestations or certificates issued by the Corporation in 2001-2002.

Certificates and Attestations

	New Certificates and Attestations		New Jobs[1]	
Fiscal Measure	**2001-2002**	**2000-2001**	**2001-2002**	**2000-2001**
Information Technology Development Centres (CDTI)	12	39	599	1,508
Cité du multimédia	19	20	696	1,134
New Economy Centres (CNE)	63	98	1,578	2,317
Centre national des nouvelles technologies de Québec (CNNTQ)	19	39	382	1,639
Centre des biotechnologies de Laval	0	–	0	–
Tax credit for Gaspésie and other maritime regions	11	3	293	45
Tax credit for resource regions	127	–	3,134	–
Tax credit for the production of multimedia titles	57	89	n. avail.	n. avail.
Tax credit for digital shows	1	0	n. avail.	n. avail.
Tax credit for the Angus Technopole	4	3	n. avail.	n. avail.
Tax credit for the Aluminum Valley	10	30	n. avail.	n. avail.
Total	**323**	**321**	**6,682**	**6,643**[2]

(1) According to the plan provided by the companies, job creation is spread over a maximum period of three years.
(2) To avoid double counting, jobs are not added to the 18,39[illegible] jobs related to financing projects.

Investissement Québec also made a large number of eligibility checks[3] concerning companies that were already benefitting from fiscal measures for more than one year. In 2001-2002, 675 attestations were renewed, 36.1% of which were under the New Economy Centres (CNE) measure, 24.7% in favour of the Information Technology Development Centres (CDTI), and 21.1% and 18.1% respectively for the Cité du multimédia and the Centre national des nouvelles technologies de Québec (CNNTQ).

Attestation Renewals by Fiscal Measure, 2001-2002

Fiscal Measure	2001-2002
Information Technology Development Centres (CDTI)	167
Cité du multimédia	142
New Economy Centres (CNE)	244
Centre national des nouvelles technologies de Québec (CNNTQ)	122
Total	**675**

3 Attestations are issued according to the eligibility of activities, employees, materials or foreign specialists.

Fiscal Measures Related to Business Capitalization

Launched in 1985, Québec Business Investment Companies (QBICs) favour investment in the common shares of an SMB, in return for tax benefits. The creation of a QBIC involves the incorporation of a joint stock company, the recruitment of shareholders, and the registration and validation of the investment with Investissement Québec. In 2001-2002, the Corporation registered 57 new QBICs and validated 71 new investment projects with a total value of $13.4 million. Registrations for this year are 42.5% higher than those of 2000-2001 and 14% higher than the goal for the year. However, validations are below those of the previous year and below the goal set for this fiscal year.

The differences are primarily due to the following factors:

- sharp decline in venture capital in North America, estimated at close to 65% in 2001-2002;
- absence of QBIC share issues due to a less favourable stock market;
- the number of registrations last year, which affected the number of validations for this year;
- shift of efforts toward resource regions, where the average funds collected per project were lower.

Québec Business Investment Companies

	2001-2002	2000-2001
Number of registrations	57	40
Number of investments validated	71	83
Value of investments ($M)	13.4	23.0

In 2001, while the venture capital industry generated investments of $956 million, 69% of which went to business refinancing, QBICs received $13.4 million, representing 1.4% of the venture capital in Québec. QBIC investments were mainly in new companies and helped support Québec's economic development.

Fiscal Measures by Region

With the exception of Nord-du-Québec, new companies that benefitted from fiscal measures in 2001-2002 are distributed across all of Québec. However, five regions dominate: Montréal (63 attestations or certificates), Bas-Saint-Laurent (57), Capitale nationale (47), Mauricie (40) and Saguenay–Lac-Saint-Jean (31).

Demand from new companies remained stable in certain regions, notably in Montréal. However, during the year, job creation increased, with 1,050 new jobs being created in 2001-2002, versus 988 in 2000-2001.

New Certificates or Attestations by Region

	2001-2002		2000-2001	
Administrative Region	Number of Attestations or Certificates	New Jobs	Number of Attestations or Certificates	New Jobs[1]
Abitibi-Témiscamingue	13	251	4	68
Bas-Saint-Laurent	57	1,416	19	533
Capitale nationale	47	838	50	1,613
Centre-du-Québec	1	17	2	48
Chaudière-Appalaches	8	114	13	599
Côte-Nord	6	284	0	0
Estrie	6	59	11	428
Gaspésie–Îles-de-la-Madeleine	12	202	7	137
Lanaudière	4	51	7	188
Laurentides	9	215	7	687
Laval	4	162	6	40
Mauricie	40	1,032	10	236
Montérégie	15	320	14	233
Montréal	63	1,051	116	988
Nord-du-Québec	0	0	0	0
Outaouais	7	373	9	433
Saguenay–Lac-Saint-Jean	31	294	46	412
Sub-total – Resource regions[2]	**159**	**3,483**	**86**	**1,386**
Total	**323**	**6,682**	**321**	**6,643**

[1] Job creation is spread over a three-year period.
[2] The following resource regions are considered in this sub-total: Bas-Saint-Laurent, Saguenay–Lac-Saint-Jean, Abitibi-Témiscamingue, Côte-Nord, Nord-du-Québec and Gaspésie–Îles-de-la-Madeleine.

Order Book

As at March 31, 2002, Investissement Québec had 875 files under examination, providing a positive outlook for the 2002-2003 fiscal year. Of this number, 728 were financing applications and 138 were applications for eligibility attestations or certificates.

Order Book

	March 31, 2002	March 31, 2001	Change
New financing applications[1]			
- Short-term	126	121	+ 4%
- Long-term	602	442	+36%
Sub-total	**728**	**563**	**+29%**
Applications for eligibility attestations or certificates[2]	138	n. avail.	n. avail.
Applications under the Immigrant Investors Program	9	–	n. avail.
Total	**875**	**563**	**n. avail.**

Commitments

	March 31, 2002	March 31, 2001	Change
Total commitments[3] ($M)	**1,954.9**	**1,304.3**	**+49.9 %**

(1) Financing applications under the FAIRE, SMB Financial (formerly SMB Guarantee), NPO Guarantee, Coop Guarantee, SMB Spark and Immigrant Investors programs.
(2) Applications for attestations or eligibility certificates concerning fiscal measures and QBICs. Data on fiscal measures and QBICs are not available for fiscal 2000-2001, because they were incorporated into Investissement Québec's portfolio management information system during the 2001-2002 fiscal year.
(3) Total commitments correspond to Note 22 of the financial statements.

Financing applications for the year are up 29% from those of March 31, 2001, mainly because of a 36% increase in long-term financing applications attributable to:

- a larger number of financing applications under the SMB Spark program;
- expanded clientele due to the diversification of financing methods as well as the nature and size of projects financed by the Corporation.

Jean Larrivée
Senior Vice-President, Financing

Service Quality

Client Focus

During the year, Investissement Québec launched several initiatives to better meet its clients' needs, including:

- regionalization of services by opening four offices in Côte-Nord, Abitibi-Témiscamingue, Outaouais and Gaspésie;
- broadening of its service line in all regional offices, which are now able to offer most of Investissement Québec's services, including the FAIRE program, through duly trained personnel and the appropriate expertise;
- creation of an Information and Contact Service;
- rebuilding of the Corporation's Web site;
- establishment of a sectoral analysis team supported by specialized external monitors.

All these initiatives were aimed at:

- quality of service to businesses and efficient processing of applications in all regions;
- more detailed knowledge of priority development sectors and clienteles, in order to better identify strategic opportunities for action.

All these actions should have an impact on the next fiscal year. They will be backed by integrated business development plans as well as various measures targeting industrial areas that can help boost investment in Québec.

Client Satisfaction

Service quality is of strategic importance for Investissement Québec. It is defined mainly in terms of reception, professionalism and competence, flexibility, application processing time and accessibility. Each year, the Corporation assesses the level of satisfaction of its clients and partners with regard to its contribution and its collaboration.

Between May 2001 and March 2002, it conducted a survey on 668 client companies and 590 partner financial institutions. At the end of April 2002, the response rate was 48% for clients and 53% for financial institutions.

Assessed on the basis of five priority aspects, the Corporation's quality of service is generally appreciated by its clients and partners. This is evidenced by the results of a survey showing a high satisfaction rate for the past two fiscal years. Companies and financial institutions are generally satisfied with the delivery of Investissement Québec's services, with a 91% and 94% satisfaction rate respectively.

Satisfaction Rate

	2001-2002		2000-2001	
	Client Companies	Financial Institutions	Client Companies	Financial Institutions
Reception	93%	93%	95%	98%
Professionalism and competence	93%	95%	96%	98%
Adaptability and flexibility	91%	94%	93%	97%
Processing time	87%	92%	92%	94%
Accessibility and visibility	88%	94%	90%	94%
General satisfaction	91%	94%	93%	96%

(1) Satisfaction for all aspects evaluated.

According to the survey, companies and financial institutions consider professionalism and competence to be the most important and satisfying aspect and the primary strength of Investissement Québec.

Promotion Activities

In 2001-2002, Investissement Québec carried out numerous activities to promote the Corporation and its programs to Québec-based companies and to promote Québec to foreign investors. These promotional efforts had a positive impact on the Corporation's reputation in Québec, on Québec's profile abroad, and on the number of new files in the short and medium terms.

Marcelle Girard
Vice-President, Strategies, Marketing and Communications

Québec Investors

In Québec, the Corporation's representatives participated in about one hundred public events – conventions, galas, fairs, exhibitions – organized mainly by chambers of commerce or sectoral associations. Many seminars were also organized to explain Investissement Québec's financing products to potential clients and partners.

The Corporation held 64 press conferences, issued 91 news releases and handled nearly 200 inquiries from the print and electronic media. Thanks to these intense media activities, the Corporation was the subject of about 20 feature articles on its mission and actions and received about 1,000 neutral or favourable mentions in different media.

Finally, it linked up for the second straight year with the *PME* magazine for the publication of a guide entitled "En affaires au Québec", 50,000 copies of which were distributed to a business clientele.

All these activities helped raise the unaided awareness of Investissement Québec from 3.1% in 2000 to 12.4% in 2002, while its aided awareness rose from 32.3% to 69.0% for the same reference years.

Foreign Investors

The general slowdown of the global economy combined with the events of September 11, 2001 forced foreign investors to reevaluate their projects. Faced with the prospect of foreign investors pulling back their present and future investments in Québec, Investissement Québec intensified its efforts.

The Corporation has developed a communication and marketing plan to raise Québec's profile among investors in priority economic areas and to support its prospecting activities. This strategy and the regular release of information on the Québec economy allowed the Corporation to enjoy substantial coverage in several influential foreign publications, which are showing a growing interest in Québec's dynamic economic model.

Furthermore, Investissement Québec participated in 31 international events to promote Québec and the Corporation to specialized foreign investors in different priority economic areas.

Prospecting Activities

As part of its prospecting activities, Investissement Québec contacted several foreign companies, offering them customized solutions, regional and sectoral information, possible locations, financial aid and contact with other private and public economic development players in Québec.

In 2001-2002, Investissement Québec carried out 184 prospecting initiatives and received 307 missions of foreign investors. Compared with the previous fiscal year, the number of prospecting initiatives increased by 12.2%, while the number of missions received fell by 13.5%, largely as a result of the tragic events of September 11, 2001.

It should be noted that 143 proposals were presented to potential investors.

Prospecting Initiatives Among Foreign Investors

	March 31, 2002	March 31, 2001	Change 2001-2002
Prospecting initiatives	184	164	+12.2%
Missions of potential foreign investors received in Québec	307	355	-13.5%

During the year, the Corporation did its prospecting mostly in North America and Europe. As a result, the geographic distribution of its activities remained virtually unchanged from the previous year.

Geographic Breakdown of Prospecting Initiatives, 2001-2002

To date, the Corporation's international prospecting initiatives have been aimed at North America, Europe and Asia. At the beginning of the second half, a new unit was given responsibility for prospecting in Latin America, thereby expanding Investissement Québec's field of action abroad.

Dominique Bonifacio
Vice-President, Foreign Investment

SECTION

An Economically Profitable Corporation

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Impact by Program

Evaluated in terms of jobs, added value and tax and incidental tax revenue collected by the Québec government[4], the economic impact of Investissement Québec's activities is presented in this section for the

- *portfolio* segment, which corresponds to the value of the annual economic activity generated by the Corporation's clients that have obtained financing since 1988;
- *projects* segment, representing the value of the establishment of assets for projects approved during the 2001-2002 fiscal year, mainly in the construction, machinery manufacturing and production equipment sectors.

Value of Input for Economic Impact

The evaluation of the economic impact of the *projects* segment is based on the projects financed during the 2001-2002 fiscal year. It concerns 88% of the financing operations granted, since financing offers refused as at March 31, 2001 and financing of export sales are excluded from this evaluation.

The evaluation of the Corporation's *portfolio* segment reflects the overall activity of companies financed between 1988 and 2002 and whose file is still active and administered by the Corporation. Companies used in the evaluation are those whose financial statements[5] were available at the time of the evaluation. Consequently, this year's analysis concerns 77% of the companies in the portfolio.

4 The evaluation method is presented in Appendix 5.
5 Businesses whose fiscal year ended between July 1, 2000 and June 30, 2001.

Value of Input on Economic Impact[1], 2001-2002

	Projects		Portfolio		
				Financial Support	
Program or Program Segment	Simulated Value ($M)	Proportion of Simulated Value / Authorized Value	Sales ($M)	Total ($M)	Sample ($M)
SMB Financial					
Production and alliance					
Investment	150.9	93%	2,821.3	193.3	163.5
Consolidation	10.7	100%	295.7	17.5	16.8
Tourism	2.3	100%	88.1	23.3	21.4
Research & development	512.3	90%	436.6	56.7	51.6
Exports	110.4	86%	2,019.3	137.4	118.3
Working capital					
Growth	31.3	98%	60.5	5.1	5.1
Ad hoc 1	n/a	n/a	263.7	6.9	6.8
Ad hoc 2	n/a	n/a	7.8	0.9	0.2
Ad hoc 3	98.0	98%	342.4	7.4	6.9
Recovery	1.1	18%	55.0	1.7	1.7
Experimentation measure	42.3	90%	74.2	7.5	7.0
Specific programs					
Coop Guarantee	70.5	100%	885.4	100.1	88.1
SMB Spark	39.1	94%	30.5	16.0	7.9
NPO Guarantee	57.8	100%	159.9	65.9	48.4
Recyc-Québec	n/a	n/a	11.7	2.5	1.0
Expertise					
Immigrant Investors	107.8	94%	186.9	6.8	4.1
Major projects					
Buyer Credit	0	0%	n/a	n/a	n/a
FAIRE	2,789.3	94%	32,490.5	1,581.9	989.8
Total[2]	**4,023.8**	**88%**	**37,884.5**	**2,230.8**	**1,538.6**

(1) Projects and sales related to the activities of companies that benefitted from the Immigrant Investors Program were included in the economic impact evaluation, since they have an effect on Québec's economy.
(2) The same company can benefit from more than one financing operation and hence be accounted for in more than one program or program segment. As a result, the sums of this table do not correspond to the registered totals, which correspond to the totals by sector.

Jobs

For the *projects* segment, companies that benefitted from the FAIRE program (22,674 jobs) and the research and development (10,175) and investment (1,349) segments of the SMB Financial program hired the largest number of workers to implement their projects.

As for the *portfolio* segment, apart from the FAIRE program (250,724), the investment (29,284) and exports (22,256) segments of the SMB Financial program as well as the Coop Guarantee program (21,386) had the greatest impact on employment in Québec.

It should be noted that the leading programs or program segments in terms of jobs have been offered for several years now by Investissement Québec.

Jobs[1] by Program or Program Segment, 2001-2002

	Related to Projects			Related to Portfolio		
Program or Program Segment	Direct	Indirect	Total	Direct	Indirect	Total
SMB Financial						
Production and alliance						
Investment	863	486	1,349	19,908	9,376	29,284
Consolidation	101	34	135	1,872	918	2,790
Tourism	14	6	20	1,581	328	1,909
Research & development	8,393	1,782	10,175	3,411	1,307	4,718
Exports	1,362	366	1,728	15,118	7,138	22,256
Working capital						
Growth	267	90	357	394	202	596
Ad hoc 1	n/a	n/a	n/a	2,008	871	2,879
Ad hoc 2	n/a	n/a	n/a	145	32	177
Ad hoc 3	931	272	1,203	2,722	1,350	4,072
Recovery	7	3	10	286	226	512
Experimentation measure	307	162	469	333	289	622
Specific programs						
Coop Guarantee	515	293	808	17,939	3,447	21,386
SMB Spark	323	132	455	282	118	400
NPO Guarantee	503	185	688	1,099	329	1,428
Recyc-Québec	n/a	n/a	n/a	71	51	122
Expertise						
Immigrant Investors	722	389	1,111	1,089	824	1,913
Major projects						
FAIRE	13,895	8,789	22,684	172,048	78,676	250,724
Total[2]	**28,131**	**12,975**	**41,106**	**224,734**	**97,557**	**322,291**

Sources: Investissement Québec and Institut de la statistique du Québec.
(1) Workload, in person-years, required for the realization of sales by client companies and their suppliers.
(2) The same company can benefit from more than one financing operation and hence be accounted for in more than one program or program segment. As a result, the sums of this table do not correspond to the registered totals, which correspond to the totals by sector.

Added Value

A company produces added value when it establishes assets to carry out its projects or transforms raw materials, goods or components with Quebec content. Added value is also evaluated in terms of the impact of the company's sales as well as those of its suppliers.

For the *projects* segment, the FAIRE program continues to dominate, with nearly $1.3 billion in added value, followed by the research and development segment of the SMB Financial program, with an estimated added value of $428.7 million.

The FAIRE program also stands out in the *portfolio* segment, with added value of $20.3 billion.

Added Value by Program or Program Segment, 2001-2002

Program or Program Segment	Related to Projects ($M)	Related to Portfolio ($M)	Portfolio Productivity (Added Value Per Job) ($)
SMB Financial			
Production and alliance			
Investment	82.5	1,761.0	60,135
Consolidation	7.6	194.1	69,581
Tourism	1.0	69.2	36,239
Research & development	428.7	285.1	60,430
Exports	90.8	1,298.7	58,352
Working capital			
Growth	n/a	35.6	59,799
Ad hoc 1	n/a	163.1	56,635
Ad hoc 2	n/a	7.6	43,195
Ad hoc 3	64.1	206.0	50,584
Recovery	0.6	34.9	68,204
Experimentation measure	28.6	46.2	74,273
Specific programs			
Coop Guarantee	48.0	678.7	31,734
SMB Spark	23.7	21.5	58,859
NPO Guarantee	38.5	142.3	99,674
Recyc-Québec	n/a	7.5	61,530
Expertise			
Immigrant Investors	56.4	122.4	63,976
Major projects			
FAIRE	1,302.2	20,352.5	162,925
Total[1]	**2,192.0**	**23,923.5**	**74,230**

Source: Investissement Québec and Institut de la statistique du Québec.
(1) The same company can benefit from more than one financing operation and hence be accounted for in more than one program or program segment. As a result, the sums of the totals do not correspond to the registered totals, which correspond to the totals by sector.

Québec Government Revenue

As for the impact on tax and incidental tax revenue, the FAIRE program ranks first ($2,609.5 million), followed by the investment ($239.6 million) and exports ($175.3 million) segments of the SMB Financial program.

Québec Government Revenue by Program or Program Segment, 2001-2002

	Tax Revenue ($M)		Incidental Tax Revenue ($M)		Total ($M)
Program or Program Segment	Related to Projects	Related to Portfolio	Related to Projects	Related to Portfolio	
SMB Financial					
Production and alliance					
Investment	6.0	103.0	7.0	123.6	239.6
Consolidation	0.6	12.0	0.6	13.2	26.4
Tourism	0.1	3.0	0.1	4.6	7.8
Research & development	33.5	20.4	31.6	19.3	104.8
Exports	5.3	75.0	5.4	89.6	175.3
Working capital					
Growth	1.3	1.9	1.3	2.3	6.8
Ad hoc 1	n/a	8.9	n/a	12.3	21.2
Ad hoc 2	n/a	0.3	n/a	0.4	0.7
Ad hoc 3	3.6	11.6	4.6	15.3	35.0
Recovery	0.1	2.2	0.0	2.5	4.8
Experimentation measure	2.7	4.0	2.0	2.9	10.1
Specific programs					
Coop Guarantee	3.2	35.4	4.0	50.8	93.4
SMB Spark	1.8	1.4	1.9	1.6	6.7
NPO Guarantee	3.2	7.6	4.7	4.9	20.4
Recyc-Québec	n/a	0.4	n/a	0.6	1.0
Expertise					
Immigrant Investors	4.6	6.9	0.1	8.0	25.6
Major projects					
FAIRE	106.1	1,261.4	114.0	1,128.0	2,609.5
Total[1]	**171.6**	**1,473.1**	**183.0**	**1,226.8**	**3,054.5**

Sources: Investissement Québec and Institut de la statistique du Québec.
(1) The same company can benefit from more than one financial operation and hence be accounted for in more than one program or program segment. As a result, the sums of this table do not correspond to the registered totals, which correspond to the totals by client.

Economic Profitability Ratio

Investissement Québec systematically evaluates the impact of the projects it finances. In 2001-2002, the Corporation financed projects worth nearly $4.5 billion. According to projected sales, the companies it supported expect to create 18,391 jobs over the next three years. These new jobs will generate a net increase in employment for the Québec economy.

Firstly, Investissement Québec's model evaluates the impact related to the expansion or construction of buildings, manufacture and the installation of machinery, which mainly generate activities in the construction and machinery manufacturing industries. According to the estimate established using the input-output model, the economic impact related to the establishment of assets financed by the Corporation represent a workload of 41,106 person-years. Engineers, architects, construction workers and technicians will generate $354.6 million in tax and incidental tax revenue for the Québec government.

Secondly, Investissement Québec analyzes the impact of increased annual sales related to the use of assets financed in previous years. For the current fiscal year, the total sales of 77% of client companies were over $37.9 billion. According to the input-output evaluation model, achieving these sales requires a workload of 322,291 person-years. For their part, these workers will generate more than $2,704.9 billion in various forms of taxes for the government.

Investissement Québec does not claim full credit for the impact of its clients' activities, but rather for the marginal contribution related to its own action. The attribution model is used to evaluate projects whose financial structure exceeds the risk threshold of lending institutions, or projects that would otherwise be implemented outside Québec. In both cases, the model only takes into account the results of companies whose projects generate a net gain for the Québec economy. The result of these operations is used to evaluate the share of the impact attributable to the Corporation's action.

From the overall evaluations and according to the share of the impact attributable to Investissement Québec, total revenue from the implementation of projects is estimated at $129.9 million or 36.6%, while total revenue related to sales is estimated at $517.2 million or 19.1%. These revenues amount to $647.1 million and constitute the revenue that the government derives from Investissement Québec's activities.

Summary of Economic Impact Related to the Activities and Projects of Client Companies of Investissement Québec

	2001-2002	2000-2001
***Projects* segment**		
Value of simulated projects	$4,023.8 M	$4,811.6 M
Economic impact		
Jobs (person-years)	41,106	38,669
Added value	$2,192 M	$2,153 M
Québec government revenue	$355 M	$365 M
***Portfolio* segment**		
Sales	$37,885 M	$36,805 M
BSIP sales	$1,798 M	$1,927 M
Total sales	$39,683 M	$38,732 M
Economic impact		
Jobs (person-years)	354,231	375,475
Added value	$25,350 M	$24,431 M
Added value per job	$71,563	$65,067
Québec government revenue	$2,918 M	$3,220 M
Tax and incidental tax revenue attributable to Investissement Québec		
Projects segment	$129.9 M	$137.1 M
Portfolio segment	$517.2 M	$552.4 M
Total revenue attribuable to Investissement Québec	**$647.1 M**	**$689.5 M**
Costs	$201.9 M	$147.2 M
Cost-benefit ratio	**3.21/1**	**4.68/1**

(1) According to the sectoral total, which is equivalent to the regional total.
(2) Business start-up Investment Program.

The decline in the cost-benefit ratio is due to the improved productivity of Québec workers over the past few years. This improvement is now reflected in the input-output model. In addition, the cost of the FAIRE program has increased because Investissement Québec assumes costs related to files approved over the past three years. It should be noted that the economic impact stems primarily from the use of assets financed. This impact is evident after the project is completed, which means after the disbursement period.

The foregoing evaluation shows that, for each dollar of cost generated by the Corporation, the Québec government received $3.21 in tax and incidental tax revenue in 2001-2002. Investissement Québec is therefore an economically profitable corporation.

SECTION

_Management 04

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Governance and Organizational Structure

Boards of Directors

Investissement Québec

Made up of 11 members appointed by the government, including the President and Chief Executive Officer of the Corporation, Investissement Québec's Board of Directors includes representatives from the business community, cooperatives, unions and the government. Its role is to ensure that Investissement Québec is properly managed, in the best interest of its clients, employees, partners and the government. In this effort, it relies on the principles of sound management and corporate governance, with the help of tools designed in cooperation with Management, including:

- the action plan, which contains the Corporation's annual goals;
- the three-year business plan, which sets out the Corporation's orientations, general objectives and strategies;
- the communication policy;
- periodic operating reports as well as the financial statements showing the results in relation to established goals;
- the annual report, with which the Corporation fulfills its obligation of accountability and measures its performance.

In performing its duties, the Board is assisted by an executive committee invested with the power to approve financing operations, as well as an audit committee that monitors the quality of Investissement Québec's financial information and internal controls.

La Financière du Québec

The Board of Directors of La Financière du Québec is made up of the directors of Investissement Québec and the Director General of La Financière du Québec. Its main function is to approve financing granted by La Financière du Québec under the programs it manages.

IQ Immigrants Investisseurs inc.

Made up of representatives of Investissement Québec, the Ministère des Relations avec les citoyens et de l'Immigration and the Ministère des Finances, the Board of Directors of IQ Immigrants Investisseurs inc. ensures that the business of this subsidiary is properly managed. The mission of IQ Immigrants Investisseurs inc. is to receive and manage capital from immigrant investors, and to administer a financial assistance program using investment income, in partnership with financial intermediaries.

Investissement Québec and La Financière du Québec

Members of the Boards of Directors

1 **Léopold Beaulieu**
President and Chief Executive Officer, Fonds de développement pour la coopération et l'emploi
Chairman of the Advisory Committee on the Social Economy
Chairman of the Audit Committee

2 **Maître Éric Bédard**
Senior Partner, Fasken Martineau DuMoulin

3 **Michel Boivin**
Deputy Minister, Ministère des Ressources naturelles

4 **Mario Bouchard**
Assistant Deputy Minister for Governmental Corporations
Organisation financière et politiques comptables
Ministère des Finances

Georges Felli
Deputy Minister, Ministère de l'Industrie et du Commerce
(Not in photo)

5 **Marcel Leblanc**
Deputy Minister, Ministère de l'Agriculture, des Pêcheries et de l'Alimentation

6 **André Monette**
President, Gestion André Monette inc.
Member of the Audit Committee

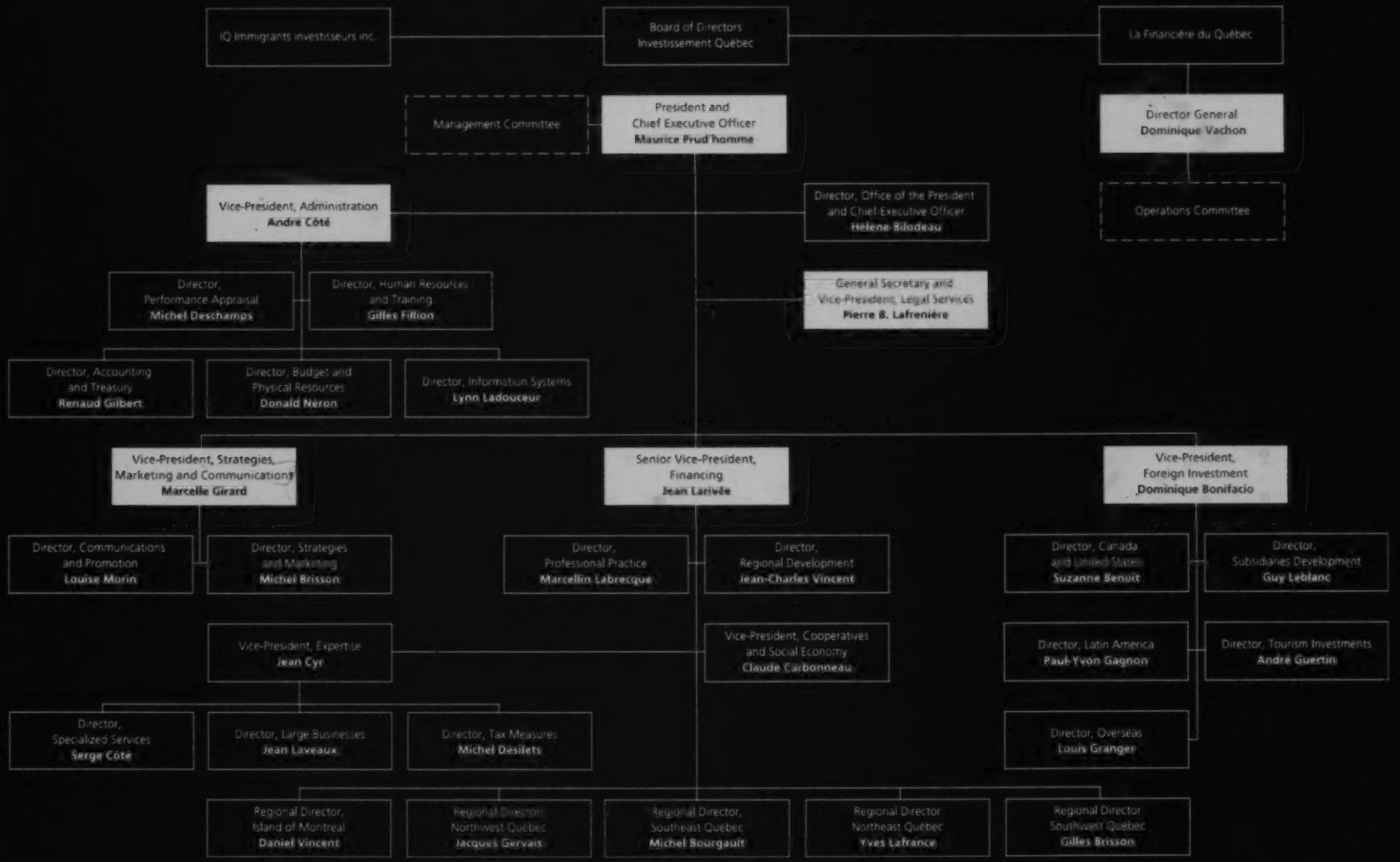
7 **Maurice Prud'homme**
President and Chief Executive Officer, Investissement Québec
Chairman of the Board of Investissement Québec
Chairman of the Board of La Financière du Québec
Member of the Audit Committee

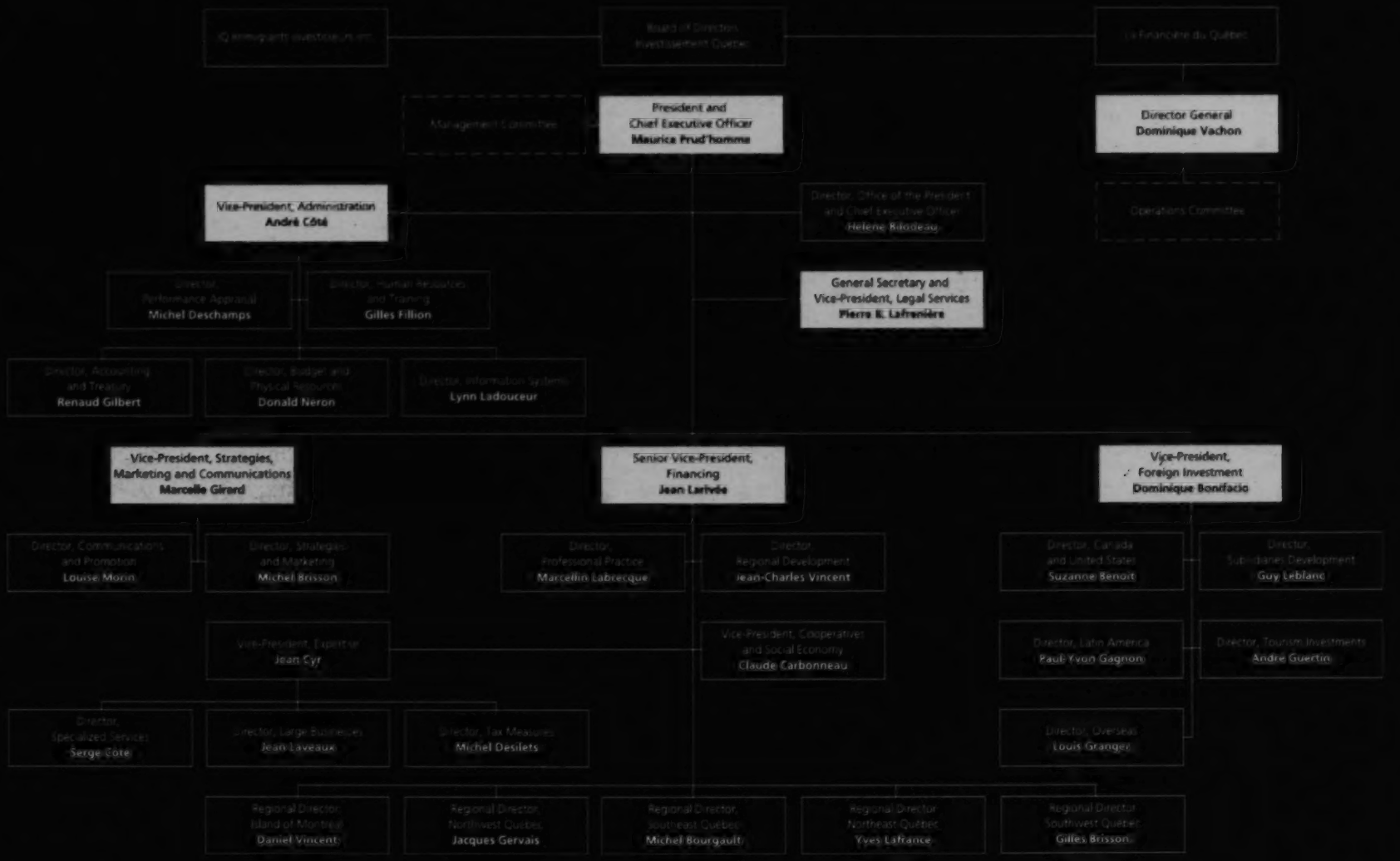
8 **René Roy**
General Secretary, Fédération des Travailleurs et Travailleuses du Québec
Member of the Audit Committee

9 **Rosemonde Sayegh-Mandeville**
President and Chief Executive Officer, Biophage inc.

10 **Dominique Vachon**
Director General, La Financière du Québec

Note: Ms. Vachon is a member only of the Board of Directors of La Financière du Québec.


IQ Immigrants investisseurs inc.
Board of Directors
Investissement Québec
La Financière du Québec
Management Committee
President and
Chief Executive Officer
Maurice Prud'homme
Director General
Dominique Vachon
Vice-President, Administration
André Côté
Director, Office of the President
and Chief Executive Officer
Hélène Bilodeau
Operations Committee
Director,
Performance Appraisal
Michel Deschamps
Director, Human Resources
and Training
Gilles Fillion
General Secretary and
Vice-President, Legal Services
Pierre B. Lafrenière
Director, Accounting
and Treasury
Renaud Gilbert
Director, Budget and
Physical Resources
Donald Néron
Director, Information Systems
Lynn Ladouceur
Vice-President, Strategies,
Marketing and Communications
Marcelle Girard
Senior Vice-President,
Financing
Jean Larivée
Vice-President,
Foreign Investment
Dominique Bonifacio
Director, Communications
and Promotion
Louise Morin
Director, Strategies
and Marketing
Michel Brisson
Director,
Professional Practice
Marcellin Labrecque
Director,
Regional Development
Jean-Charles Vincent
Director, Canada
and United States
Suzanne Benoit
Director,
Subsidiaries Development
Guy Leblanc
Vice-President, Expertise
Jean Cyr
Vice-President, Cooperatives
and Social Economy
Claude Carbonneau
Director, Latin America
Paul-Yvon Gagnon
Director, Tourism Investments
André Guertin
Director,
Specialized Services
Serge Côté
Director, Large Businesses
Jean Laveaux
Director, Tax Measures
Michel Désilets
Director, Overseas
Louis Granger
Regional Director,
Island of Montréal
Daniel Vincent
Regional Director
Northwest Québec
Jacques Gervais
Regional Director,
Southeast Québec
Michel Bourgault
Regional Director
Northeast Québec
Yves Lafrance
Regional Director
Southwest Québec
Gilles Brisson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Northwest Québec
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Regional Director,
Southeast Québec
Michel Bourgault
Regional Director
Northeast Québec
Yves Lafrance
Regional Director
Southwest Québec
Gilles Brisson

Pierre B. Lafrenière
General Secretary and Vice-President, Legal Services

Management Committee

The Management Committee is made up of nine members: Maurice Prud'homme, President and Chief Executive Officer, Investissement Québec, Dominique Vachon, Director General, La Financière du Québec, André Côté, Vice-President, Administration, Pierre B. Lafrenière, General Secretary and Vice-President, Legal Services, Marcelle Girard, Vice-President, Strategies, Marketing and Communications, Jean Larivée, Senior Vice-President, Financing, Dominique Bonifacio, Vice-President, Foreign Investment, Hélène Bilodeau, Director of the Office of the President and Chief Executive Officer, and Carole Langlois, Assistant to the President and Chief Executive Officer.

Human Resources

Workforce

The growing number of new applications for the different programs and measures as well as the rising number of files to be monitored have increased the workload of the Corporation's personnel.

Moreover, Investissement Québec has adopted a strategic orientation based on a proactive approach of listening and getting closer to the client, supported by the development of regional business centres. This orientation calls for the consolidation of the Corporation's workforce and knowledge.

Changes in Workforce [1]

Job Category	March 31, 2002	March 31, 2001
Managers	57	33
Professionals	191	178
Jurists	12	8
Technicians	55	43
Clerical staff	63	85
Total	**378**	**347**

(1) Regular employees and superannuitees, including interns.

In 2001-2002, Investissement Québec took in 13 interns for periods ranging from one month to one year:

- nine were from universities, with one registered in the internship program of the International Association for Students of Economics and Commerce (AIESEC);
- and four were from a college.

Organizational Climate

In 2001-2002, several actions were initiated and largely completed to improve the organizational climate, including the internal communication policy, the establishment of the Intranet, organizational restructuring and increased training on information technologies. An innovation and employee recognition program is also being developed.

Reception and Integration of New Employees

The process of receiving and integrating new employees has been improved. It is now more structured and includes a reception and integration guide for managers and an employee manual. This process has already been formally evaluated by 26 new employees. Overall, 92% of them said they were satisfied with their reception by and integration into Investissement Québec.

Training and Development

To allow its managers and employees to participate in the management of their professional development, the Corporation instituted skills development plans in 2000 that include an annual evaluation of each employee's training needs. In addition, a detailed training schedule based on this evaluation is now available on the Corporation's Intranet, which is accessible to all employees.

In 2001-2002, Investissement Québec organized more training and development activities for its employees than it did the previous year. This is reflected in its budget, which stood at $967,635 or 4.9% of payroll, compared with $402,226 or 2.5% of payroll for the previous fiscal year.

Investment in Training and Development

	March 31, 2002	March 31, 2001	Change 2001-2002
Number of person-days	2,698.7	802.8	+236%
Portion of payroll	$537,433	$164,429	+227%
Training and development fees			
Direct costs	$392,266	$237,797	+65%
Indirect costs	$37,936	n. avail.	n. avail.
Total	**$967,635**	**$402,226**	**+140%**
% of payroll	4.9%	2.5%	+96%

(1) Project costs (travel, lodging and organizational expenses) are also accounted for.

Performance Appraisal Method

According to the performance appraisal method, all the Corporation's employees, regardless of their position, must undergo a periodic evaluation based on performance goals. This method also calls for an incentive compensation policy, which stipulates that all salary increases be based on these goals being achieved or exceeded.

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Financial Review by Management

General Comments

The Corporation's consolidated financial statements include the financial statements of its wholly owned subsidiaries, namely, La Financière du Québec, IQ Immigrants Investisseurs inc., 9037-6179 Québec inc., 9071-2076 Québec inc. and 9109-3294 Québec inc. These statements are composed of the consolidated balance sheet, the consolidated statements of income and surplus, the consolidated statement of cash flows, and the notes to the consolidated financial statements.

The net value of the Corporation's financing operations portfolio continued to grow during the fiscal year ended March 31, 2002. The portfolio increased by 10%, from $1.35 billion as at March 31, 2001 to $1.49 billion as at March 31, 2002.

This portfolio is made up of loans, shares, units and guarantees. Loans, shares and units are posted on the asset side of the Corporation's balance sheet, while guarantees are left out of the Corporation's balance sheet, because they are neither an asset nor a liability. However, they are presented at the bottom of the balance sheet and represent the sums that the Corporation may be called upon to pay in case of payment default by companies.

The financing operations comprising the Corporation's portfolio fall into three major categories: operations guaranteed by the Québec government, operations guaranteed at 50%, and non-guaranteed operations. The portion of the portfolio guaranteed by the government and the non-guaranteed portion are presented separately in the notes to the financial statements. The government fully assumes the losses related to guaranteed financing operations, while the Corporation supports the losses associated with non-guaranteed financing operations. As for losses associated with operations guaranteed at 50%, they are assumed equally by the Québec government and the Corporation.

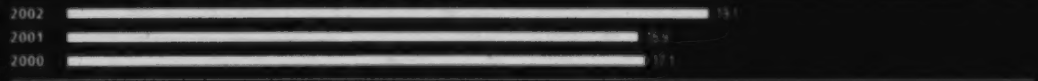
Balance Sheet

The Corporation's total assets as at March 31, 2002 stood at $1.26 billion, up 25% compared with the total assets as at March 31, 2001. This improvement is mainly due to the substantial increase in the investment amounts for IQ Immigrants Investisseurs inc., which rose from $1.2 million as at March 31, 2001 to $154.9 million as at March 31, 2002.

Moreover, the loan guarantee balance rose substantially, from $601.3 million for the previous fiscal year to $703.8 million, thus confirming the Corporation's preference for this financing product during the year.

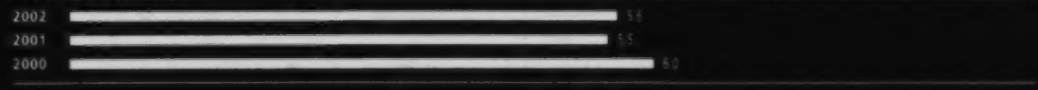
The accumulated provision for losses reached $352.7 million as at March 31, 2002. Expressed as a percentage of the balance of the Corporation's financing operations portfolio, it has been relatively stable over the past three years, as shown in the table below:

Accumulated Provision for Losses as % of Portfolio



The debt/equity ratio, representing the ratio of the Corporation's total short- and long-term debt over equity, progressed as follows:

Debt/Equity Ratio



Moreover, the ratio of equity over net value of the non-guaranteed financing operations portfolio went from 0.41 as at March 31, 2001 to 0.52 as at March 31, 2002, a reflection of the Corporation's sound capitalization with respect to the risk losses it assumes.

Statement of Income

The Corporation posted net income of $29.4 million during the fiscal year ended March 31, 2002, compared with $1.6 million for the previous fiscal year. This increase is mainly due to non-recurrent income of $21.9 million, composed of a profit sharing premium and a share of earnings distributed by a partnership.

Moreover, total expense for the provision for losses stood at $114.7 million, representing 6.6% of the average financing operations portfolio, compared with $54.2 million, representing 3.4% of the average financing operations portfolio for the 2000-2001 fiscal year. The expense for the provision for losses attributable to financing operations not guaranteed by the Québec government fell by $26.2 million. This decrease is due to the fact that operations authorized since April 1, 2001 as part of the business financing assistance program are guaranteed at 50% by the Québec government. By contrast, the government paid no risk premium to the Corporation during the fiscal year, compared with the $13.6 million it paid as at March 31, 2001.

Operating and administrative expenses totalled $37.7 million. Expressed as a percentage of the average balance of the financing operations portfolio, they progressed as follows:

Operating and Administrative Expenses as % of Average Portfolio

Statement of Cash Flows

Cash flows from the Corporation's operations stood at $86.6 million. Cash outflows from investment activities were $202.2 million for the current year, as a result of the increase in the investment, loan and share balance.

André Côté
Vice-President, Administration

Financial Statements

Declaration of Responsibility for Financial Information

The preparation and presentation of the consolidated financial statements of Investissement Québec and other information contained in this annual report are the responsibility of management.

This responsibility includes the choice of appropriate accounting policies (outlined in Note 2 of the financial statements).

The financial information appearing in the annual report is consistent with that contained in the financial statements.

The Corporation's accounting system as well as its internal controls and procedures are designed to ensure the reliability of financial data and to provide reasonable assurance that the Corporation's assets are adequately protected against any loss or unauthorized use.

The Board of Directors, which is responsible for monitoring the manner in which management fulfills its responsibilities regarding financial information, approved the financial statements. The Board is assisted in carrying out its mandate by the Audit Committee. This committee meets with management and the auditor, reviews the financial statements, and recommends their approval to the Board. The Audit Committee also receives advance copies of the audit reports on the optimization of resources and compliance with laws and regulations, particularly the *Financial Administration Act*.

Maurice Prud'homme
President and Chief Executive Officer

André Côté
Vice-President, Administration

Auditor's Report

To the National Assembly,

I have audited the consolidated balance sheet of Investissement Québec as at March 31, 2002 and the consolidated statements of income, surplus and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2002 and the results of its operations and its cash flows for the year then ended, in accordance with the accounting policies described in Note 2. As required by the *Auditor General Act* (R.S.Q., chapter V-5.01), I report that, in my opinion, these policies have been applied on a basis consistent with that of the preceding year.

Doris Paradis

Doris Paradis, CA
Acting Auditor General of Québec

Québec City, June 5, 2002

Consolidated Balance Sheet

As at March 31 (in thousands of dollars)

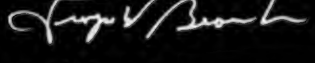
Assets	2002	2001
Temporary investments (Note 3)	**34,101**	250
Investments (Note 4)	**155,009**	1,311
Loans, less accumulated provision for losses (Notes 5 and 9)	**699,169**	661,348
Shares, less accumulated provision for losses (Notes 6 and 9)	**67,913**	70,758
Units, less accumulated provision for losses (Notes 7 and 9)	**21,355**	19,864
Accumulated provision for losses recoverable from the Québec government (Note 9)	**253,904**	175,032
Fixed assets (Note 10)	**5,778**	6,049
Other assets (Note 11)	**20,808**	70,512
Total assets	**1,258,037**	1,005,124

Liabilities and equity		
Liabilities		
Outstanding cheques less cash	**796**	–
Bank overdraft	**–**	32,284
Short-term debt (Note 12)	**355,100**	221,500
Long-term debt (Note 13)	**537,298**	489,916
Interest due and accrued on loans (Note 14)	**9,207**	11,008
Accumulated provision for losses on loan guarantees (Notes 8 and 9)	**175,467**	102,592
Other liabilities (Note 15)	**20,855**	17,939
	1,098,723	875,239
Equity		
Initial equity	**32,944**	32,944
Surplus	**126,370**	96,941
	159,314	129,885
Total liabilities and equity	**1 258,037**	1,005,124
Guarantees, less accumulated provision for losses (Notes 8 and 9)	**703,831**	601,284

The notes are an integral part of the financial statements.

For the Board of Directors,

Maurice Prud'homme
Chairman of the Board



Léopold Beaulieu
Director

Consolidated Statement of Income and Surplus

For the fiscal year ended March 31 (in thousands of dollars)

	2002	2001
Interest income and interest contribution from the Québec government (Note 16)	61,667	71,691
Risk premium – Québec government (Note 17)	–	13,637
Risk premiums – client companies		
Stock options	832	2,630
Others	14,157	6,290
Guarantee fees	9,171	6,603
Commitment fees	6,830	5,100
Gain on disposal of shares	15	–
Share of earnings distributed by a partnership	8,309	–
Other income	746	699
	101,727	106,650
Interest charges (Note 18)	(42,996)	(54,615)
Fees to financial intermediaries – immigrant investors	(2,743)	(57)
Net income before provision for losses and the following items	55,988	51,978
Provision for losses (Note 9)	(114,695)	(54,237)
Provision for losses recoverable from the Québec government (Note 9)	99,532	12,880
Net income before the following items	40,825	10,621
Financial contributions (Note 19)	(112,822)	(164,460)
Financial contributions assumed by the Québec government (Note 19)	112,787	164,460
Operating and administrative expenses (Note 20)	(37,692)	(34,723)
Administration fees – Québec government	26,799	26,034
Other expenses	(464)	(354)
Net income before share of income from an affiliated company	29,433	1,578
Share of income from an affiliated company	(4)	(15)
Net income	29,429	1,563
Surplus at the beginning	96,941	95,378
Surplus at the end	126,370	96,941

The notes are an integral part of the financial statements.

Consolidated Statement of Cash Flows

For the fiscal year ended March 31 (in thousands of dollars)

	2002	2001
Cash flows from operating activities		
Net income	**29,429**	1,563
Adjustments for:		
Amortization of long-term debt discount and issue expenses	**75**	75
Amortization of investment discount	**(2,976)**	(10)
Amortization of deferred fees to financial intermediaries – immigrant investors	**555**	1
Gain on disposal of shares	**(15)**	–
Transfer of deferred income	**(192)**	(192)
Provision for losses	**114,695**	54,237
Provision for losses recoverable from the Québec government	**(99,532)**	(12,880)
Depreciation of fixed assets	**2,027**	1,482
Share of income from an affiliated company	**4**	15
	44,070	44,291
Changes in non-cash items related to operating activities (Note 21)	**42,492**	(37,860)
	86,562	6,431
Cash flows from investment activities		
Acquisition of investments	**(150,726)**	(1,216)
Net decrease (increase) of loans	**(37,715)**	21,033
Net decrease (increase) of shares	**(3,313)**	4,513
Net decrease (increase) of units	**57**	(3,845)
Acquisition of fixed assets	**(1,756)**	(1,509)
Deferred fees to financial intermediaries – immigrant investors	**(8,752)**	(57)
	(202,205)	18,919
Cash flows from financing activities		
Net increase of short-term debt	**133,600**	46,000
Long-term debt	**195,600**	1,600
Repayment of long-term debt	**(148,218)**	(106,475)
	180,982	(58,875)
Net increase (decrease) of cash and cash equivalents	**65,339**	(33,525)
Cash and cash equivalents at beginning of year	**(32,034)**	1,491
Cash and cash equivalents at end of year	**33,305**	(32,034)

Cash and cash equivalents		
Outstanding cheques less cash	**(796)**	–
Bank overdraft	**–**	(32,284)
Temporary investments	**34,101**	250
	33,305	(32,034)

Additional information		
Interest paid	**44,606**	55,754

The notes are an integral part of the financial statements.

Notes to Consolidated Financial Statements

As at March 31, 2002 (in thousands of dollars)

1. Incorporating Legislation and Nature of Activities

Investissement Québec is a public law legal entity incorporated and governed under the *Act respecting Investissement Québec and La Financière du Québec* (R.S.Q., c. I-16.1), as amended by chapter 69 of the acts of 2001, and, as such, is not subject to income taxes.

Investissement Québec's mission is to promote investment growth in Québec. It centralizes and consolidates Government action in research, promotion and support for investment. It strives not only to stimulate domestic investment, but also to attract outside investors by promoting Québec as an excellent place for investment. Investissement Québec participates in the growth of businesses by facilitating research and development as well as exports. By lending its support to companies already established here, it works to retain current investment in Québec. It can also offer companies and government departments, agencies and corporations a variety of technical services, particularly in the fields of financial analysis, credit arrangement and portfolio management. Investissement Québec administers the financial assistance programs developed by the government with regard to investment. The Corporation also administers the *Act respecting Québec Business Investment Companies* (R.S.Q., c. S-29.1), and fulfils any mandate assigned to it by the Government under section 28 of its incorporating statute.

On December 20, 2001, the corporate name Garantie Québec was replaced by La Financière du Québec, following the introduction of the *Act respecting La Financière du Québec* (2001, chapter 69). The purpose of La Financière du Québec, a wholly owned subsidiary of Investissement Québec, is to use its financing operations to support Québec companies or companies that are setting up operations in Québec, mainly by granting them loans or guaranteeing the financial commitments they make to financial institutions. It also administers the financial assistance programs stemming from the *Act respecting assistance for the development of cooperatives and non-profit legal persons* (R.S.Q., c. A-12.1), as amended by chapter 69 of the 2001 acts.

Section 46 of the *Act respecting Investissement Québec and La Financière du Québec* states that the Corporation shall establish a business plan, which includes the activities of its subsidiaries, according to the form, content and frequency determined by the Québec government. This plan was approved on July 7, 1999 (decree number 827-99) and ended on March 31, 2001. However, under section 47 of the same act, this plan shall continue to apply until a new business plan is approved. This business plan was still being developed as at March 31, 2002.

2. Main Accounting Policies

The consolidated financial statements of the Corporation were prepared by management according to the accrual accounting method and the accounting policies disclosed below. These financial statements include amounts based on best judgments and estimates.

The consolidated financial statements comprise the financial statements of Investissement Québec and those of its wholly owned subsidiaries: La Financière du Québec, IQ Immigrants Investisseurs inc., 9037-6179 Québec inc., 9071-2076 Québec inc. and 9109-3294 Québec inc.

Cash and Cash Equivalents

The Corporation presents, under cash and cash equivalents, its outstanding cheques less cash, bank overdraft as well as temporary investments maturing no later than three months following their acquisition date.

Investments

Investments are accounted for at cost. Interest income is accounted for using the accrual method of accounting. Discounts on investments are charged to the statement of income according to the real-interest method until maturity.

Investment in an affiliated company is accounted for at the consolidation value.

Loans, Shares and Units

Loans, including accrued interest receivable, shares and units are recorded at cost. When credit quality has deteriorated to the extent that there is no reasonable assurance that a loan (principal and interest) will be collected in full, the loan is considered impaired. The reduction in the carrying amount then recognized and any subsequent changes are applied to the provision for losses.

Interest income from loans is recorded using the accrual accounting method. When a loan not guaranteed by the Québec government becomes impaired and the borrower owes more than three months' interest, the interest ceases to be recognized. The interest received on such loans is recorded as a recovery up to the amount written off or for which a provision has been entered, and is subsequently recorded as interest income.

The share of earnings distributed by a partnership and dividend income on shares are recorded using the accrual accounting method. Gains and losses on disposal of shares are entered on the date of transfer of the shares.

The carrying amount of loans not guaranteed by the Québec government and restructured as low-interest or interest-free loans or as non-participating shares is reduced to the value of net cash flows receivable under the new terms at the effective interest rate inherent in the loan. The reduction in the carrying amount resulting from the restructuring is applied to the provision for losses. The increase in the discounted value over time is recorded as interest income.

Foreclosed assets held for sale are considered as impaired loans and are recorded at the lesser of the balance of the loan at the time of foreclosure or the estimated net proceeds from the sale of the assets. The reduction in the carrying amount then recognized and any subsequent changes are applied to the provision for losses.

Participating shares stemming from restructured loans not guaranteed by the Québec government are recorded at their book value immediately after the loans have been restructured. The difference between the carrying amount of a loan prior to restructuring and the book value of the resulting shares is applied to the provision for losses. Any subsequent decrease in the book value of the shares is also applied to the provision for losses. Any subsequent increase is recognized only upon the sale of the shares, as a gain on the disposal of shares during the current year.

Guarantees

The balance of guarantees, less the accumulated provision for losses, is shown at the end of the Corporation's balance sheet.

Guarantee claims are recorded once they have been approved by the Corporation. Disbursements are then applied to reduce the guarantee balance and the accumulated provision for losses on guarantees.

When the Corporation considers that there is reasonable assurance that a loan will be repaid, these disbursements are recorded as assets in accordance with the accounting policies applicable to loans, shares and units.

Accumulated Provision for Losses

The accumulated provision for losses on loans, shares and units is shown on the Corporation's balance sheet, offset against the value of its assets. The accumulated provision for losses on loan guarantees in effect is entered as a liability on the balance sheet. According to the Corporation, these provisions provide the most accurate estimate possible of the foreseeable risk of losses on financing operations that are part of its portfolio.

Except for companies that benefit from business start-up and re-start investment programs, client companies are classified under five risk categories, determined using solvency and credibility criteria; this classification is updated constantly.

One of these categories is insolvent clients, while another comprises companies that are likely to become insolvent in the short term. All impaired loans are found in one of these two categories. The provision for losses on financing operations included in these two categories corresponds to the balance of each operation, net of the estimated realizable value of securities, to which a percentage adjustment is applied based on loan collection experience for the files in these categories. When a company assigned to either category is winding up, has ceased repaying the Corporation and is unlikely to put its finances in order, the related financing operations are written off.

The three other risk categories comprise companies whose financial profile corresponds to that of the Corporation's target clientele. A group provision is calculated for each of these categories by applying a provision rate to the financing operations balance. The provision rate for each category is based on a statistical analysis of the number and size of the losses noted or deemed probable one year after the companies are classified.

Financing operations whose cumulative balance per company is exceptionally high and which are included in one of the above-mentioned risk categories are covered by a specific provision for losses.

A global provision is calculated for business start-up and re-start investment programs. This provision corresponds to the amount of loan guarantees in effect, to which a rate based on past experience is applied, less disbursements in respect of loan guarantees under these programs.

Certain loans may be forgiven according to the conditions set out in the loan agreement. The provision for losses on these loans integrates the insolvency risk mentioned above and the risk inherent in the loan agreement.

Special class shares are non-participating shares, with no dividends or redemption date. These shares are covered by a specific provision for losses.

Accumulated Provision for Losses Recoverable from the Québec Government

The Québec government assumes a share of the Corporation's provision for losses. This share corresponds to the provision for losses on financing operations guaranteed by the Québec government.

Receivable from the Québec Government

The Québec government contributes to the Corporation's financing by reimbursing the financial contributions and losses on guaranteed financing operations, by contributing to interest payments on certain financing operations, and by paying fees to the Corporation. The receivable balance for these contributions appears under the heading "Other Assets".

Fixed Assets

Fixed assets are recorded at cost. They are depreciated as of their start-up date, according to the straight-line method over their estimated useful lives, at the following rates:

Software and computer equipment	33 1/3%
Information systems development	20%
Office furniture	10%
Leasehold improvements	10%

Long-Term Debt Discount and Issue Expenses

Discount and issue expenses related to long-term loans are deferred and amortized according to the straight-line method over the term of the loan concerned.

Land for Sale

Land is evaluated at cost or at the net realizable value, whichever is less. The cost includes expenses related to decontamination and clean-up work.

Deferred Income

The Québec government's contribution for the acquisition of fixed assets is deferred and transferred to the statement of income according to the same method and the same rates used for depreciating fixed assets.

Risk Premiums – Client Companies

When approving a loan or loan guarantee, the Corporation generally requires a risk premium from the client company. This premium, which takes the form of a stock option, is recorded when an agreement is reached with the client concerning the exact amount and date of payment of the premium. The premium, in the form of a share in earnings, is payable and recorded no later than six months after the end of the company's fiscal year. The lump-sum premium is recorded when due according to the contract.

Gains on the disposal of shares acquired following the exercise of an option are shown under the heading "Risk Premiums – Stock Options" in the Corporation's statement of income.

Financial Contributions

Financial contributions are made up of non-refundable financial contributions and conditional-refund financial contributions.

Financial contributions are charged to the statement of income for the fiscal year in which the Corporation approved the payment. The corresponding contribution from the Québec government for the financial contributions it assumes is then deemed to have been earned by the Corporation.

Subsequent recoveries of conditional-refund financial contributions are charged to the statement of income for the current fiscal year. The Québec government's refund, representing 90% of the recovery, is recorded in the statement of income for the current fiscal year.

Fees Paid to Financial Intermediaries – Immigrant Investors

Through one of its subsidiaries, the Corporation pays fees to financial intermediaries for canvassing immigrant investors, for finding companies to recommend for a non-refundable financial contribution, and for closing immigrant investors' files.

Fees paid for canvassing an immigrant investor are accounted for once the company has accepted the financing operation. These fees are deferred and charged to the statement of income for the duration of the corresponding investment, according to the straight-line depreciation method. Fees paid for finding a company to recommend for a non-refundable financial contribution are recorded once the company has accepted the financing operation. Fees for closing an immigrant investor's file are recorded upon maturity of the investment.

Pension Plans

The Corporation contributes to inter-company government defined-benefit pension plans. These contributions are accounted for according to the accounting policies concerning defined contribution plans, since the Corporation does not have sufficient data to apply the policies for defined benefit plans.

Currency Translation

Guarantees expressed in foreign currency are translated into Canadian dollars at the rate applicable as at the balance sheet production date. The statements of income are translated at the prevailing exchange rate as at the transaction date.

3. Temporary Investments

	2002	2001
Banker's acceptances, from 2.02% to 2.12%, maturing between April 3, 2002 and May 15, 2002	**34,101**	250

4. Investments

	2002	2001
Notes receivable from the Québec government, from 4.34% to 6.01%, maturing between January 24, 2006 and March 27, 2007	**154,928**	1,226
Affiliated company, capital investment, at the consolidation value	**81**	85
	155,009	1,311

5. Loans, Less Accumulated Provision for Losses

			2002	2001
	Not Guaranteed by the Québec Government	Guaranteed by the Québec Government	**Total**	Total
Loans				
Interest-bearing				
Fixed rate	13,067	112,401	**125,468**	139,594
Variable rate	54,885	44,172	**99,057**	96,377
	67,952	156,573	**224,525**	235,971
Interest-free	314	470,498	**470,812**	443,893
Restructured	3,023	–	**3,023**	7,724
Impaired	28,647	108,483	**137,130**	110,187
	99,936	735,554	**835,490**	797,775
Accumulated provision for losses				
Interest-bearing loans	(8,148)	(5,551)	**(13,699)**	(24,926)
Interest-free loans	(27)	(17,359)	**(17,386)**	(11,432)
Restructured loans	(2,619)	–	**(2,619)**	(3,539)
Impaired loans	(20,972)	(81,645)	**(102,617)**	(96,530)
	(31,766)	(104,555)	**(136,321)**	(136,427)
	68,170	630,999	**699,169**	661,348
Anticipated cash receipts from loans break down as follows:				
Less than one year	19,290	106,074	**125,364**	141,922
From 1 to 2 years	14,893	51,537	**66,430**	80,110
From 2 to 3 years	10,880	101,247	**112,127**	84,021
From 3 to 4 years	13,747	54,286	**68,033**	103,421
From 4 to 5 years	13,446	74,190	**87,636**	60,242
From 5 to 10 years	25,532	197,840	**223,372**	166,610
More than 10 years	2,148	150,380	**152,528**	161,449
	99,936	735,554	**835,490**	797,775

(1) Fixed interest rates stood at between 4% and 12% as at March 31, 2002 (between 3% and 12.5% as at March 31, 2001).
(2) The Corporation's variable interest rate was 5.25% as at March 31, 2002 (6.25% as at March 31, 2001).

6. Shares, Less Accumulated Provision for Losses

	Not Guaranteed by the Québec Government	Guaranteed by the Québec Government	2002 Total	2001 Total
Shares				
Common	3,074	21,818	**24,892**	18,062
Preferred	441	70,701	**71,142**	71,154
Of a special class	–	9,303	**9,303**	11,950
From restructured loans	3,227	–	**3,227**	4,070
	6,742	101,822	**108,564**	105,236
Accumulated provision for losses				
Common shares	(1,940)	(18,908)	**(20,848)**	(13,182)
Preferred shares	(311)	(8,686)	**(8,997)**	(7,700)
Special class of shares	–	(9,303)	**(9,303)**	(11,950)
Shares from restructured loans	(1,503)	–	**(1,503)**	(1,646)
	(3,754)	(36,897)	**(40,651)**	(34,478)
	2,988	64,925	**67,913**	70,758
The share redemption maturities break down as follows:				
Less than one year	–	–	**–**	300
From 2 to 3 years	–	–	**–**	250
From 3 to 4 years	34	34	**68**	250
From 4 to 5 years	616	45	**661**	316
From 5 to 10 years	184	16,812	**16,996**	698
More than 10 years	–	45,000	**45,000**	61,636
	834	61,891	**62,725**	63,450
No specific maturity	5,908	39,931	**45,839**	41,786
	6,742	101,822	**108,564**	105,236

The Corporation holds shares issued by public companies. The net book value of these shares as at March 31, 2002 was $2,358 thousand ($2,432 thousand as at March 31, 2001). According to stock market quotations as at March 31, 2002, these shares had a value of $7,990 thousand ($10,360 thousand as at March 31, 2001).

7. Units, Less Accumulated Provision for Losses

			2002	2001
	Not Guaranteed by the Québec Government	Guaranteed by the Québec Government	**Total**	Total
Units				
Preferred of cooperatives	64	2,578	**2,642**	2,699
Of partnerships	–	18,949	**18,949**	18,949
	64	21,527	**21,591**	21,648
Accumulated provision for losses				
Preferred units of cooperatives	(6)	(230)	**(236)**	(1,784)
Partnership units	–	–	**–**	–
	(6)	(230)	**(236)**	(1,784)
	58	21,297	**21,355**	19,864
The unit redemption maturities break down as follows:				
Less than one year	–	4	**4**	–
From 1 to 2 years	–	7	**7**	4
From 2 to 3 years	–	373	**373**	7
From 3 to 4 years	4	18,586	**18,590**	373
From 4 to 5 years	4	–	**4**	18,586
From 5 to 10 years	11	122	**133**	122
	19	19,092	**19,111**	19,092
No specific maturity	45	2,435	**2,480**	2,556
	64	21,527	**21,591**	21,648

8. Guarantees, Less Accumulated Provision for Losses

			2002	2001
	Not Guaranteed by the Québec Government	Guaranteed by the Québec Government	**Total**	Total
Guarantees				
Loans	249,837	348,472	**598,309**	505,473
Financial commitment	46,589	234,400	**280,989**	198,403
	296,426	582,872	**879,298**	703,876
Accumulated provision for losses				
Loan guarantees	(52,501)	(99,926)	**(152,427)**	(84,856)
Financial commitment guarantees	(10,744)	(12,296)	**(23,040)**	(17,736)
	(63,245)	(112,222)	**(175,467)**	(102,592)
	233,181	470,650	**703,831**	601,284
The guarantee maturities break down as follows:				
Less than one year	58,589	52,937	**111,526**	78,145
From 1 to 2 years	19,730	34,241	**53,971**	57,253
From 2 to 3 years	9,549	6,211	**15,760**	55,454
From 3 to 4 years	20,718	2,615	**23,333**	20,325
From 4 to 5 years	14,820	70,179	**84,999**	20,805
From 5 to 10 years	167,712	95,017	**262,729**	235,560
More than 10 years	5,308	321,672	**326,980**	236,334
	296,426	582,872	**879,298**	703,876

9. Accumulated Provision for Losses

	Financing Operations Not Guaranteed by the Québec Government	Financing Operations Guaranteed by the Québec Government [1]	2002 Total	2001 Total
Balance at beginning of year	100,249	175,032	**275,281**	262,608
Provision for losses	15,163	99,532	**114,695**	54,237
Recoveries	409	227	**636**	3,691
Write-offs [2]	(10,903)	(11,826)	**(22,729)**	(24,620)
Guarantee disbursements that did not give rise to an asset	(6,147)	(9,061)	**(15,208)**	(20,635)
	98,771	253,904	**352,675**	275,281

The accumulated provision for losses breaks down as follows:				
Loans	31,766	104,555	**136,321**	136,427
Shares	3,754	36,897	**40,651**	34,478
Units	6	230	**236**	1,784
Guarantees	63,245	112,222	**175,467**	102,592
	98,771	253,904	**352,675**	275,281

The provision for losses takes into account the value of securities related to companies that are insolvent or that would likely become insolvent in the short term.

(1) Corresponds to the "Accumulated provision for losses recoverable from the Québec government" shown as an asset on the balance sheet.
(2) Write-offs in the form of restructured loans amount to $214 thousand for the fiscal year ended March 31, 2002 ($103 thousand as at March 31, 2001).

10. Fixed Assets

	Cost	Accumulated Depreciation	2002 Net Value	2001 Net Value
Software and computer equipment	2,430	(1,340)	**1,090**	1,485
Information systems development	5,641	(3,035)	**2,606**	3,171
Office furniture	385	(54)	**331**	212
Leasehold improvements	2,054	(303)	**1,751**	1,181
	10,510	(4,732)	**5,778**	6,049

(1) Leasehold improvements concern fixed assets belonging to or rented by the Société immobilière du Québec.

11. Other Assets

	2002	2001
Receivable from the Québec government	**9,929**	67,799
Long-term debt discount and issue expenses[1]	**111**	186
Deferred fees to financial intermediaries – immigrant investors	**8,253**	56
Lands for sale (Note 25)[2]	**270**	184
Other receivables[3]	**2,245**	2,287
	20,808	70,512

(1) Transactions concluded with the Fonds de financement du gouvernement du Québec.
(2) One of the tenants has the option to buy the land according to the terms of its rental agreement. The other tenant has the option to buy the land for one dollar.
(3) Include $80 thousand receivable from related entities as at March 31, 2002.

12. Short-Term Debt

	2002	2001
Banker's acceptances – financial institutions, from 2.16% to 2.24%, maturing between April 1 and May 1, 2002	**193,600**	168,000
Notes – Fonds de financement du gouvernement du Québec, from 2.13% to 2.14%, maturing between April 2 and 24, 2002	**161,500**	53,500
	355,100	221,500

Under decree number 341-99, dated March 31, 1999, the Corporation is authorized to take out active short-term loans totalling up to $450,000 thousand, until March 31, 2002. Pursuant to decree numbers 310-2002 and 311-2002, the Corporation and its subsidiary La Financière du Québec are authorized, as of April 1, 2002, to take out active short-term loans totalling up to $700,000 thousand, until March 31, 2003, and $600,000 thousand thereafter until September 30, 2006, with financial institutions or the Fonds de financement du gouvernement du Québec. The total active short-term loans for the two corporations cannot exceed these limits.

As at March 31, 2002, the Corporation had a bank line of credit of $10,000 thousand renewable annually. The amounts taken bear interest at the lender's prime rate.

13. Long-Term Debt

	2002	2001
Notes – Fonds de financement du gouvernement du Québec:		
– 9.31%, matured February 18, 2002	–	148,218
– 9.25%, maturing April 1, 2002	**171,214**	171,214
– at the banker's acceptance rate (3 months) plus 0.168%, maturing August 21, 2002	**34,768**	34,768
– 7.50%, maturing December 1, 2003 (effective rate of 7.89%)	**34,116**	34,116
– at the banker's acceptance rate (3 months) plus 0.034%, maturing December 1, 2003	**100,000**	100,000
Notes – immigrant investors, interest-free, maturing between January 24, 2006 and March 27, 2007 [1]	**197,200**	1,600
	537,298	489,916

Repayments of the principal on long-term debt over the next five years break down as follows:

2003	2004	2005	2006	2007
205,982	**134,116**	–	**1,600**	**195,600**

(1) Payment of principal is guaranteed by the Québec government.

14. Interest Due and Accrued on Debt

	2002	2001
Financial institutions	–	24
Fonds de financement du gouvernement du Québec	**9,207**	10,984
	9,207	11,008

15. Other Liabilities

	2002	2001
Deferred income [1]	**2,512**	2,449
Non-refundable financial contributions and guarantees payable	**7,748**	6,766
Sick leave and vacations payable (Note 24)	**7,367**	6,747
Other payables [2]	**3,228**	1,977
	20,855	17,939

(1) Includes the Québec government's deferred contribution for the acquisition of fixed assets and the Ministère des Régions' deferred contribution to the investors' and promoters' data bank for amounts representing $484 thousand and $50 thousand, respectively, as at March 31, 2002 ($577 thousand and $50 thousand as at March 31, 2001).
(2) Include $1,765 thousand due to related entities as at March 31, 2002 ($885 thousand as at March 31, 2001).

16. Interest Income and Interest Contribution from Québec Government

	2002	2001
Interest on loans	**24,686**	25,836
Interest on investments	**2,976**	10
Interest on temporary investments	**383**	20
Interest on cash	**58**	104
Interest contribution from Québec government on low- or zero-yield guaranteed financing operations [1]	**33,564**	45,721
	61,667	71,691

(1) This contribution concerns financing operations guaranteed by the Québec government. It corresponds to the surplus of the Corporation's average borrowing cost over the yield of these operations.

17. Risk Premium – Québec Government

Until March 31, 2001, the Québec government paid the Corporation a premium to take into account the risk associated with financing operations whose losses are borne by the Corporation. This premium corresponded to 7% of the amount of the financing operations authorized by the Corporation. This premium was replaced on April 1, 2001. The government now covers 50% of losses on the financing operations in question.

18. Interest Charges

	2002	2001
Interest on long-term debt [1]	**35,655**	44,935
Interest on short-term debt and bank charges [1]	**7,266**	9,355
Guarantee charges on long-term debt [1]	**–**	250
Amortization of long-term debt discount and issue expenses [2]	**75**	75
	42,996	54,615

(1) Interest charges on loans taken out with the Fonds de financement du gouvernement du Québec totalled $35,655 thousand for long-term debt and $2,744 thousand for short-term debt for the fiscal year ended March 31, 2002 ($43,076 thousand and $2,733 thousand for the fiscal year ended March 31, 2001).
(2) Transactions concluded with the Fonds de financement du gouvernement du Québec.

19. Financial Contributions

			2002	2001
	Not Assumed by the Québec Government	Assumed by the Québec Government [1]	**Total**	Total
Non-refundable financial contributions [2]	35	98,627	**98,662**	164,030
Conditional-refund financial contributions	–	14,160	**14,160**	430
	35	112,787	**112,822**	164,460

(1) Correspond to "Financial contributions assumed by the Québec government" shown in the statement of income and surplus.
(2) Include a financial contribution in the form of the assumption of certain expenses related to a piece of land for sale whose decontamination and clean-up is assumed by the Corporation, for an amount of $1,478 thousand as at March 31, 2002.

20. Operating and Administrative Expenses [1]

	2002	2001
Salaries and employee benefits	**23,718**	22,146
Rent	**2,562**	2,511
Travel, entertainment, advertising and promotion	**5,020**	4,285
Fees	**899**	1,274
Depreciation of fixed assets	**2,027**	1,482
Others	**3,466**	3,025
	37,692	34,723

(1) Include $3,654 thousand to related entities for the fiscal year ended March 31, 2002 ($3,645 thousand for the fiscal year ended March 31, 2001).

21. Changes in Non-Cash Items Related to Operating Activities

	2002	2001
Other assets	**57,826**	(26,961)
Interest due and accrued on debt	**(1,801)**	(1,428)
Other liabilities	**3,108**	2,255
Accumulated provision for losses	**(37,301)**	(41,564)
Accumulated provision for losses recoverable from the Quebec government	**20,660**	29,838
	42,492	(37,860)

22. Commitments

Financing operations authorized, not disbursed or implemented or whose disbursement had not been authorized as at March 31:

			2002	2001
	Not Guaranteed by the Quebec Government	Guaranteed by the Quebec Government	**Total**	Total
Loans	17,761	598,409	**616,170**	291,869
Units	–	–	**–**	2,379
Guarantees	109,525	857,897	**967,422**	606,051
Financial contributions	14,486	356,803	**371,289**	404,082
	141,772	1,813,109	**1,954,881**	1,304,381

23. Pension Plans

The employees of Investissement Québec subscribe to the Government and Public Employees Retirement Plan (RREGOP), the Civil Service Superannuation Plan (CSSP) and the Pension Plan for Management (PPM). These are inter-company defined-benefit plans that include retirement and death guarantees. Investissement Québec's obligations toward these government plans are limited to its contributions as an employer. Investissement Québec's contributions charged to the statement of income for the fiscal year amount to $710 thousand ($519 thousand for the fiscal year ended March 31, 2001).

24. Sick Leave and Vacations Payable

	2002	2001
Balance at beginning of year	**6,747**	5,733
Expense for the year	**2,072**	2,272
Benefits paid during the year	**(1,452)**	(1,258)
	7,367	6,747

25. Contingencies

Under decree 1421-98 issued by the Québec government on November 11, 1998, 9071-2076 Québec Inc., a subsidiary of Investissement Québec, acquired a piece of contaminated land in December 1998 for the price of one dollar. Investissement Québec will guarantee the environmental liability of this land until funds become available in the subsidiary to assume such liability. The Corporation estimates that the land decontamination and clean-up cost may reach $2,200 thousand. However, under its incorporating legislation, any losses stemming from this contingent liability will be borne by the Québec government.

Under decree 1393-2001 issued by the Québec government on November 21, 2001, 9109-3294 Québec Inc., a subsidiary of Investissement Québec, acquired a piece of contaminated land in December 2001 for the price of one dollar. Investissement Québec will guarantee, in part, the environmental liability of this land. The Corporation estimates that the land decontamination and clean-up cost, which it must assume, may reach $12,400 thousand. However, under its incorporating legislation, any losses stemming from this contingent liability will be borne by the Québec government.

Various judicial and extrajudicial proceedings instituted by or against the Corporation are currently under way. In the Corporation's opinion, the outcome of these proceedings will not have a significant impact on its financial position or the results of its operations.

26. Related Party Transactions

The Corporation is a related party to all departments and special funds as well as to all agencies and corporations that are controlled directly or indirectly by the Québec government or are subject to either joint control or significant common influence by the Québec government. The Corporation's business transactions with these related parties were carried out during the normal course of its activities and under usual business conditions. All these transactions, accounted for according to their exchange value, are shown separately in the financial statements.

27. Comparative Figures

Certain figures from fiscal 2001 have been reclassified so that their presentation is identical to that of fiscal 2002.

Appendices

1. Financing Products Managed by Investissement Québec
2. Code of Ethics of the Board of Directors of Investissement Québec
3. Language Policy
4. Reporting of Vice-Presidents' Compensation
5. Methodology Used to Evaluate the Economic Impact of Projects and the Portfolio

Appendix 1

Financing Products Managed by Investissement Québec (as at March 31, 2002)

Private Investment and Job Creation Promotion Fund (FAIRE)

Financial support program designed to promote major investment and job creation. Through this program, companies can obtain a refundable, non-refundable or conditional-refund financial contribution, or a loan refund guarantee to help them implement their projects.

Buyer Credit

Loan guarantee specially designed to support the sale of goods and services to foreign companies.

SMB Financing

Loan or loan guarantee to help finance investment, innovation, strategic alliance or export projects carried out by small and medium-sized businesses in the manufacturing, propulsive service and tourism sectors. This program allows companies in need of liquidity to temporarily finance tax credits to which they are entitled under the prevailing tax measures. Until March 31, 2003, the SMB Financing program will help support the working capital of companies faced with temporary cash flow problems.

Program to Promote the Financing of Group Entrepreneurship

Program intended to promote the creation, maintenance and development of enterprises in the social economy by means of financial assistance for non-profit organizations or cooperative enterprises or their subsidiaries.

Program to Promote the Capitalization of Enterprises in the Social Economy

Program to support the capitalization of non-profit organizations or cooperative enterprises.

SMB Spark

Program to meet the financing needs of small start-up or emerging businesses, including their working capital needs, with the possibility of a loan being granted as a last resort.

Immigrant Investors Program — For Business Assistance

Program which seeks to foster economic development by investing in Québec companies some of the income generated by investments entrusted by immigrant investors to IQ Immigrants Investisseurs inc., a subsidiary of Investissement Québec.

Québec Business Investment Corporation (QBIC)

Capitalization instrument designed for Québec small and medium-sized businesses that allows investors to obtain favourable tax benefits.

Tax Measures

Evaluation of business eligibility applications and production of annual eligibility attestations or certificates for refundable tax credits.

Biolevier

Capitalization support program designed to improve access to financing for growing companies in the biotechnology sector, notably through a loan that complements the cash outlay from private investors, to support the development of their products.

For more information on these financing products, go to Investissement Québec's Web site: **www.investquebec.com**

Appendix 2

Code of Ethics of the Board of Directors of Investissement Québec

On June 17, 1998, the government adopted decree 824-98 on the ethics of public directors. Pursuant to this decree, the members of the Board of Directors of Investissement Québec adopted a Code of Ethics during their meeting of September 26, 2000. The code contains principles that reflect the Corporation's mission, its core values and general management principles.

General Provisions

1. This code applies to any person appointed to the Board of Directors of Investissement-Québec.
2. The members adhere and contribute to the fulfillment of Investissement Québec's mission, as described in section 25 of the *Act respecting Investissement Québec and La Financière du Québec* (R.S.Q., c. I-16.1), to wit:

   "The mission of the Corporation is to facilitate the growth of investment in Québec and thus contribute to the economic development of Québec and the creation of employment opportunities.

   The Corporation centralizes and consolidates the actions of the State to seek out, promote and support investment, and shall become the main channel for communications with the enterprises concerned.

   The Corporation strives to stimulate domestic investment and to attract investors from outside Québec. It promotes Québec among investors as a propitious location for investment, offers investors orientation services to guide them in their dealings with the Government, and provides them with financial and technical support.

   The Corporation participates in the growth of enterprises, in particular by facilitating research and development and export activities.

   The Corporation also works to retain current investment in Québec by providing support to enterprises established in Québec that show particular dynamism or potential."
3. The members adhere to the values and general management principles underlying Investissement Québec's activities: client focus, proactive approach, competence, commitment, integrity, efficiency and effectiveness.

Ethical Rules

4. Any member of the Board of Directors who notices, during a Board of Directors or Executive Committee meeting, that he is in conflict of interest must disclose the interest in writing to the Chairman of the Board, abstain from participating in any deliberation or decision relating to the subject of the conflict, and withdraw for the duration of the deliberation and vote relating to this matter.
5. A member shall avoid putting himself in a position where his personal interest conflicts with the obligations of his duties.
6. Any member who provides, or whose partner provides, professional services for a fee or other consideration to a company, shall abstain, throughout the period in which the services are provided, from communicating with the personnel of Investissement Québec in respect of any financial transaction involving this company and the Corporation. This prohibition is applicable during the year following the termination of the member's mandate.

7. A member may not be designated Investissement Québec managing director for a company.
8. Members shall exercise discretion regarding any information obtained as part of or while exercising their duties and shall at all times respect the confidential nature of such information.

   This obligation shall not prevent a member representing or related to a particular interest group from consulting or reporting to the group, except if the information is confidential under the law or if the Board of Directors requires that such information be kept confidential.
9. A member shall be in conflict of interest when he, his heirs or spouse have, to his knowledge, i) an interest in a client company of Investissement Québec that is a closed company within the meaning of the *Securities Act* (R.S.Q., V-1.1), ii) an interest of ten percent or more in the voting share capital of a client company of Investissement Québec that is not a closed company within the meaning of the *Securities Act* (R.S.Q., V-1.1).
10. A member shall be in conflict when the board is seized of a matter concerning his company, his competitor, the company of a client or that of a relation or a matter of a company that has received a letter of intent or a letter of offer from an entity of which he is a director or an employee.
11. A member shall not accept a gift or other benefits, unless they are customary or of modest value. Any other gift or benefit received shall be returned to the donor or remitted to Investissement Québec.
12. A member shall not, directly or indirectly, grant, solicit or accept a favour or undue benefit, for himself or a third party, from a company that has business relations with Investissement Québec.
13. A member shall, in making his decisions, avoid being influenced by job offers.
14. A member who no longer holds his position shall behave in a manner so as not to take undue advantage of his former position at Investissement Québec.
15. A member who no longer holds his position shall not disclose any confidential information he has obtained or give advice to anyone based on information that is not available to the public concerning Investissement Québec. This prohibition is applicable during the year following the termination of his mandate.
16. An ethics committee has been set up comprising three members appointed by the Board of Directors of Investissement Québec. This committee meets at the request of the Chairman of the Board of Investissement Québec to examine all matters referred to it by the Board of Directors and, where applicable, submits its report to the Board.

Appendix 3

Language Policy

The Corporation applies the language policy adopted by the Board of Directors on September 25, 2001, which is based on the French Language Charter, the government's language policy, the policy concerning government contracts and the policy regarding the use of French in information technologies.

Appendix 4

Reporting of Vice-Presidents' Compensation

In accordance with CT 196753, the compensation of Investissement Québec's vice-presidents must be disclosed to the public. The Corporation reports that the vice-presidents were compensated according to a pay scale ranging from a minimum of $96,233 to a maximum of $120,291.

Appendix 5

Methodology Used to Evaluate the Economic Impact of Projects and the Portfolio

The Corporation evaluates the assets it finances. This evaluation covers all projects financed in 2001-2002, excluding financing offers refused by companies, projects under the Canada-Québec Auxiliary Agreement on Industrial Development, as well as projects related to a sale, which are already evaluated under the portfolio's economic impact.

The analysis focuses on the cost of projects, broken down by type of expenditure: construction, equipment and machinery, professional fees and working capital. The evaluation of the impact of the use of the assets financed by the Corporation takes into account the sales shown on the companies' latest financial statements.

The Institut de la statistique du Québec (ISQ) used these data and its input-output model to evaluate the economic impact of the projects. Yves Dion, economist and professor, and Régis Fortin, professor of finance, both at the Université du Québec à Rimouski (UQAR), analyzed the impact of the projects financed by the Corporation on the Québec economy, by program, by sector and by region.

The methodology used prevents sales from being counted twice, especially in the case of companies that benefitted from more than one program. Like last year, the evaluation of the portfolio's impact covers a sample of 77% of client companies. All data were taken from audited or examined financial statements. The results are presented by program, by sector and by region, according to the following parameters: jobs, added value and Québec government revenue. They were produced by the Institut de la statistique du Québec (ISQ), using its input-output model. The composition of Investissement Québec's portfolio changes, such that variations in economic impact over time can be attributable, in part, to the turnover of companies (entering and leaving the portfolio) and not only to their performance or the economic climate.

In addition, the Corporation is able to quantify the portion of the economic impact it generated, thereby evaluating the profitability of its operations. For SMB financing programs and government mandates, this portion corresponds to the impact of projects implemented by companies that exceeded the normal risk threshold of private financial institutions. For the FAIRE program, the portion of the impact attributable to Investissement Québec is proportionate to the probability of non-implementation of a project weighted against the net gain for the economy. Both the project and portfolio evaluations are objective assessments based on a rating system that compares a set of financial and economic parameters.

This method and the overall results were presented at many public forums, including the congress of the Association canadienne-française pour l'avancement de la science in 1997 and 1998, the congress of the Canadian Valuation Society in May 1999, and the congress of the American Chamber of Commerce Research Association, held in June 2001.

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